

CITY OF ATCHISON, KANSAS



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2010

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**CITY OF ATCHISON, KANSAS**

**For the Fiscal Year Ended**

**December 31, 2010**

**Prepared by:**

**FINANCE DEPARTMENT**

**City of Atchison, Kansas**

CITY OF ATCHISON, KANSAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	1 - 4
GFOA Certificate of Achievement	5
Organization Chart	6
List of Elected and Appointed Officials	7
FINANCIAL SECTION:	
Independent Auditor's Report	8 - 9
Management's Discussion and Analysis	10 - 19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets— Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 - 29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Notes to Basic Financial Statements	31 - 60
Required Supplementary Information:	
Schedule of Funding Progress – Postemployment Benefits	61
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	62 - 67
Notes to Required Supplementary Information	68

CITY OF ATCHISON, KANSAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2010

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
Other Supplementary Information:	
Combining Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	69 - 70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	71 - 72
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Special Alcohol Fund	73
Special Parks and Recreation Fund	74
Motor Fuel Fund	75
Debt Service Fund	76
Combining Balance Sheet – All Agency Funds	77
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	78 - 79
Balance Sheet – Discretely Presented Component Unit – Public Library	80
Schedule of Revenues, Expenditures and Changes in Fund Balances – Discretely Presented Component Unit – Public Library	81
Balance Sheet – Discretely Presented Component Unit – Watershed District	82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Discretely Presented Component Unit – Watershed District	83
STATISTICAL SECTION (UNAUDITED):	
Net Assets by Component	84
Changes in Net Assets	85 - 86
Fund Balances, Governmental Funds	87
Changes in Fund Balances, Governmental Funds	88
Water Produced and Consumed	89
Annual Tap Sales	90
Number of Water Customers by Type	91
Water Rates	92
Principal Water Purchasers	93
Assessed Value and Estimated Actual Value of Taxable Property	94
Direct and Overlapping Property Tax Rates	95
Principal Property Tax Payers	96
Property Tax Levies and Collections	97
Ratios of Outstanding Debt by Type	98
Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin	99
Governmental Activities Direct and Overlapping Debt	100



CITY OF ATCHISON, KANSAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2010

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED) (Continued):	
Demographic and Economic Statistics	101
Principal Employers	102
Full-Time Equivalent City Government Employees by Function	103
Operating Indicators by Program/Function	104
Capital Asset Statistics by Program/Function	105
The Water System	106 - 107
The Sewer System	108 - 109
SINGLE AUDIT OF EXPENDITURES OF FEDERAL AWARDS:	
Schedule of Expenditures of Federal Awards	110
Notes to the Schedule of Expenditures of Federal Awards	111
Schedule of Findings and Questioned Costs	112 - 113
Summary Schedule of Prior Audit Findings	114 - 116
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	117 - 118
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	119 - 120

# **Introductory Section**

**2010**



June 6, 2011

The Honorable Mayor, Members of the City Commission, and Citizens of the City of Atchison:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Atchison (City) for the fiscal year ended December 31, 2010. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations for the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

State law requires that every general-purpose local government publish a complete set of audited financial statements after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2010. Berberich Trahan & Co. P.A., has issued an unqualified opinion on the City's financial statements for the year ended December 31, 2010.

### *Profile of the Government*

The City is the primary unit of government and was incorporated in 1858. It is located in the northeastern part of the state approximately 35 miles from the Kansas City International Airport. It currently occupies 6.9 square miles and serves a population of 11,021. The City is empowered to levy a property tax on both real and personal property within its boundaries and to extend the city limits by annexation, which it has done from time to time.

The City operates under the commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the mayor and four other members, all elected on a non-partisan basis. The Commission appoints the city manager, who in turn appoints the heads of the various departments. Three of the commissioners are elected every two years. The two with the largest number of votes serve four-year terms, and the third serves a two-year term. The mayor is elected by the Commission and serves a one-year term.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational and cultural activities. Sanitation, water and wastewater services are also provided and are included as an integral part of the City's financial statements.

The City is also financially accountable for a legally separate library and watershed district, which are reported separately within the City's financial statements. Additional information on these entities can be found in Note 1 of the financial statements.

### **Local economy**

In its early history, Atchison was an important supply center for settling the West, and continues to enjoy a strong commercial base today. Major industries located within the City's boundaries, or in close proximity, include manufacturers of food and mill ingredients, distillery products, steel pipelines, concrete poles, steel castings, dust and wet mops, electrical wiring harnesses and rail anchors.

Other economic presences include the headquarters of a publicly traded company, a full-service hospital, a four-year accredited college, a vocational school, national suppliers of leather and textile products, wholesale hardware and more.

The recent economic downturn has had a negative impact on Atchison's unemployment rate. At the end of December the unemployment rate was 8.9% compared to 8.0% at the end of 2009. Prior to 2009 the County unemployment rate had remained fairly stable, ranging from 4.4% (2008) to 5.9% (2004).

Specialty retail shops and the tourism industry have contributed to the local economy in the past ten years. While sales tax receipts are down a half a percent in 2010, the City's one-cent sales tax, along with its share of the County's one-cent sales tax, have risen 39 percent from \$1,772,538 in 2000 to \$2,457,725 in 2010. In 2004, the City began reserving a portion of its share of the County one-cent sales taxes to fund future improvements to the wastewater system. The accumulated balance at the end of 2010 is \$215,771.

### *Relevant financial policies*

**Budgeting** -The Commission is required by Statute to adopt a final budget by August 25<sup>th</sup> of each year. The annual budget is the foundation for the City's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The City's budget is prepared on a modified accrual basis further modified by an encumbrance system of accounting as required by applicable state statutes. The city manager presents recommendations for the budget to the Mayor and Commission members for their review. A series of public meetings are held by commissioners to review alternative spending proposals. After soliciting public input, the Commission adopts the budget. The budget is controlled through an accounting system to ensure effective fiscal management and accountability.



**Capital Spending** - The City prepares a five-year spending plan for replacing its equipment. The City also maintains a five-year capital improvement (CIP) plan for maintaining and making betterments to infrastructure. Both plans are updated annually and approved by the governing body. Equipment replacements are funded by transfers from other funds, primarily the general fund, in addition to long-term leases for major equipment purchases. Capital improvements are funded through transfers from other funds, intergovernmental grants and revenues and general obligation bonds. The funding of equipment replacement and infrastructure maintenance can be designed to provide a stable and sustainable program that minimizes future cost, or the funding of these capital expenses can be deferred in the short term in order to minimize current expenses. The City's spending decisions have been leaning toward the latter option.

**Debt Service** - The City's debt service is funded by property taxes and includes a 12-mill levy limit established by Ordinance. Debt management policies established by the Commission include a general obligation bond per capita limit of \$500, an overall debt limit of 10 percent of assessed value, and a debt-service limit of 10 percent of governmental fund expenses. The Commission reviews debt policy limits annually during the budget process.

**Internal Controls** - Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

**Investing** - The City determines idle cash available for investing for selected time frames, and solicits bids from local banks for certificates of deposit. Local banks are required to match the rate established by the State Municipal Investment Pool, or the money is invested in the state pool. At this time the city does not have any idle cash invested.

**Risk Management** - The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All potential claims, and/or liabilities are reported immediately when it becomes evident that a loss has occurred or a claim may be made.

The City has addressed the potential risk by purchasing various commercial insurance policies for certain insurable causes of loss. These policies cover liability, employee dishonesty, public official's liability, property damage to buildings, contents and other personal property. Losses due to earthquakes and terrorism have been excluded. The City established an insurance reserve fund in order to fund the deductible portion of losses. The balance at the end of 2010 was \$40,136.

**Spending Limits** - The state limits annual spending in each fund to the amount budgeted. Prior to spending an amount in excess of the budgeted amount, the City must hold a public hearing with notice published a minimum of 10 days in advance.

### *Major initiatives*

The critical but aging Amelia Earhart Bridge over the Missouri River will be replaced with construction that began in 2009 and is on track for completion in 2012. The Kansas Department of Transportation owns and maintains the bridge. The states of Kansas and Missouri are providing funding estimated in excess of \$60,000,000. The city is participating through \$100,000 in bridge light upgrades, payable over five years.

As the second oldest city in Kansas, Atchison does struggle under aging infrastructure. This will likely be both a challenge and opportunity going into the future. The City did receive a \$3.6 million loan from the State of Kansas to fund two water system projects. The loan also has 32% principal forgiveness funded by the American Recovery and Reinvestment Act (ARRA) through the State of Kansas Revolving Loan Fund. The two projects are: replacement of pre 1930 water mains and the replacement of the high service pump station. Both projects were largely completed in 2010.

At the end of 2010 the city began a project to replace the North Headworks and force main. This project addresses problems with the city's wastewater conveyance system. Additionally, the city is close to reaching an agreement on a consent order with the Kansas Department of Health and Environment and Environmental Protection Agency to address run-off sewer discharge, a byproduct of the city's combined storm/sewer system. We believe this agreement will provide a reasonable plan of action that promotes environmental health without unduly burdening the taxpayers of Atchison.


### *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was the fourteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

The image shows two handwritten signatures in black ink. The signature on the left is 'Mandy Cawby' and the signature on the right is 'Trey Cocking'. Both signatures are fluid and cursive.

Mandy Cawby  
Finance Director

Trey Cocking  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Atchison  
Kansas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

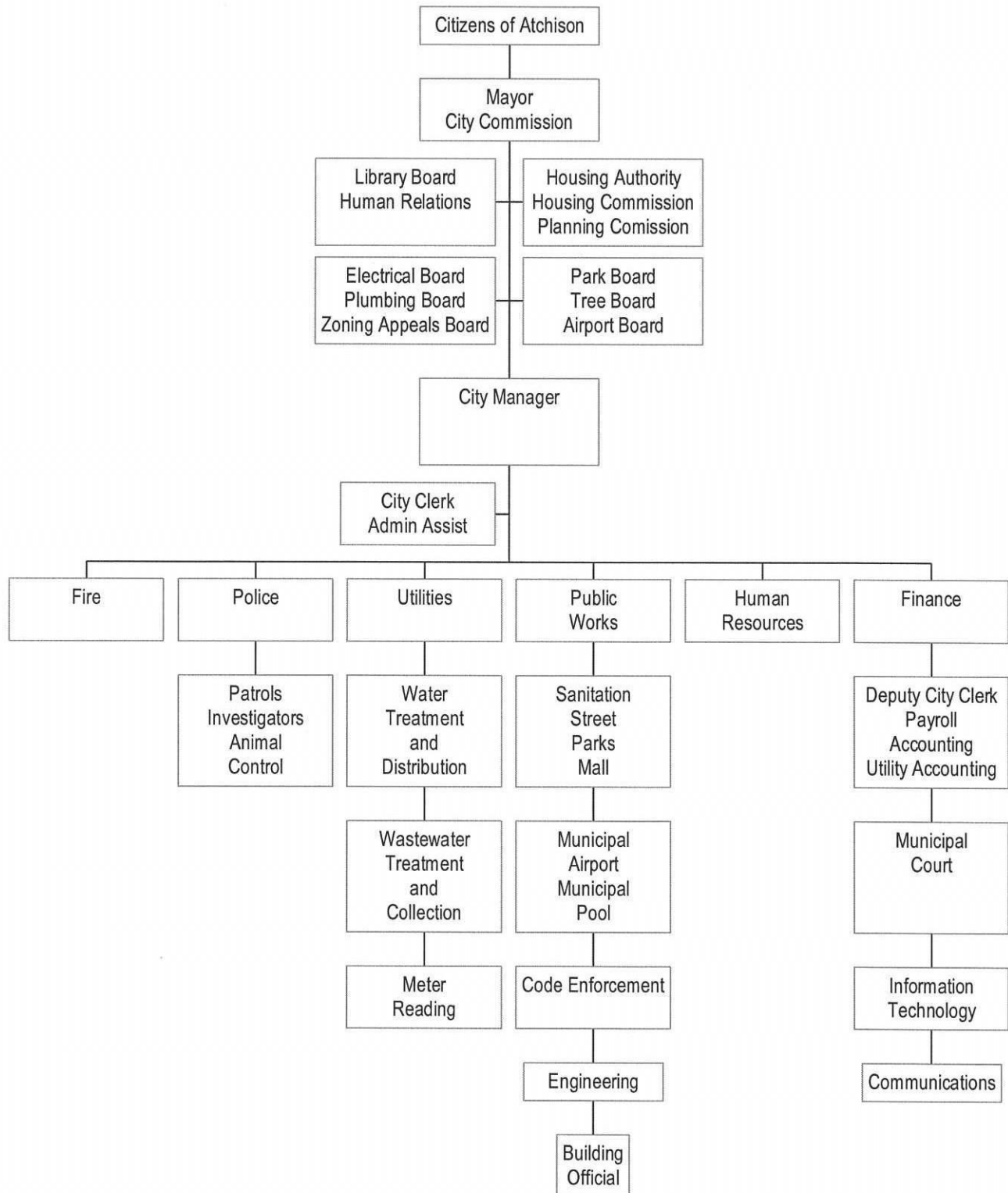
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ORGANIZATION CHART  
CITY OF ATCHISON, KANSAS  
DECEMBER 31, 2010





# CITY OF ATCHISON, KANSAS

## List of Elected and Appointed Officials

December 31, 2010

### ELECTED OFFICIALS

**Andrew Werring**

Mayor

Term Expires April 2011

**Allen Reavis**

Vice-Mayor

Term Expires April 2013

**Larry Purcell**

Commissioner

Term Expires April 2013

**Jack Bower**

Commissioner

Term Expires April 2011

**David W. Butler**

Commissioner

Term Expires April 2011

### APPOINTED OFFICIALS

**Trey Cocking**

City Manager

**Mandy Cawby**

Director of Finance

**Michael A. Wilson**

Chief/Director of Police Services

**Michael E. McDermid**

Chief/Director of Fire Services

**Gary L. Heer**

Director of Public Works

**Lorelei E. Moore**

Director of Human Resources

**Michael Mathews**

Director of Utilities

**Debra Clem**

City Clerk

**Stefanie Leif**

Community Development Director

**J. David Farris**

City Attorney

**Pat Henderson**

Municipal Judge

# **Financial Section**

# **2010**



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Commission  
City of Atchison, Kansas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable provisions of the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BERBERICH TRAHAN & CO., P.A.

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McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

The Management's Discussion and Analysis on pages 10 through 19 and the Required Supplementary Information on pages 61 through 68 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables, and single audit compliance schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and single audit compliance schedules, including the schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Berberich Trahan & Co., P.A.*

June 9, 2011

## Management's Discussion and Analysis

This section of the report contains an overview and an analysis of the City of Atchison's financial statements for the fiscal year ended December 31, 2010. This information and the information contained in the transmittal letter are intended to provide the reader of the financial statements with a well-rounded picture of the City's financial condition.

### Financial Highlights

- The City's total assets exceeded its total liabilities by \$27,176,824.
- The net assets of the City's governmental activities increased by \$560,124 (or 4.0%) while net assets of business activities increased by \$1,791,363 (or 15.7%).
- At the end of 2010 the unrestricted fund balance for the general fund was \$1,016,875, 17% of general fund expenditures and a 93.0% increase over the 2009 fund balance.

### Overview of the Financial Statements

The City's basic financial statements include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for understanding the financial statements. The report also contains additional supplementary information to assist the reader.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Atchison's finances, in a manner similar to private-sector businesses.

The Statement of Net Assets presents information for the assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator over time of whether the financial position of the City of Atchison is improving or deteriorating.

The Statement of Activities shows the revenues and expenses related to specific programs, and how the government's net assets changed during the fiscal year. This statement is presented on the accrual basis so that transactions are reflected as they occur, and not as cash is impacted.

Both statements distinguish functions of the City that are supported by taxes and intergovernmental revenues from functions that recover their costs through user fees and charges. The governmental activities include general government, public safety, public works, parks and recreation and economic development. The business-type activities include the water and wastewater utilities and refuse operations. Business activities are operations that are intended to recover most, if not all, of their costs through user fees and charges.

The government-wide financial statements include a city library and watershed maintenance fund as discretely presented component units. See note 1 to the financial statements for a more complete description of the relationship between these entities and the City.

### Fund Financial Statements

A fund is a fiscal entity with accounts for recording balances of resources, liabilities, equity, revenues and expenses. Funds are segregated for specific activities or objectives, in accordance with regulations, restrictions or limitations. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental fund financial statements are prepared on the modified accrual basis. Under this approach, revenues are recognized when measurable and available, and expenditures are recognized when the related fund liabilities are incurred with the exception of capital outlays and long-term debt and other similar items that are recorded when due. Governmental funds are used to account for essentially the same functions included in the government-wide financial statements, but the focus is on the short term financial condition rather than the City as a whole. The reconciliation at the end of the fund financial statements explains the relationship between governmental fund financial statements and government-wide financial statements.

The City maintains one type of proprietary fund, enterprise funds. The City uses enterprise funds to account for both its water and wastewater utilities and refuse operations. These funds are prepared on the accrual basis of accounting and present the same information included in the government-wide financial statements in greater detail.

Fiduciary funds are used by the City to account for resources held for the benefit of third parties. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide financial statements. The Fiduciary funds include the Fire Insurance Proceeds, Amelia Earhart Festival, Santa Fe Depot Enhancement, Veterans Memorial Park, Jackson Park Revitalization, and International Forest of Friendship funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

### Notes to the Financial Statements

The notes are an integral part of the financial statements and provide essential information for a full understanding of the data provided in those statements.

### Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation to provide post employment benefits to its employees and the city's general fund budgeted and actual expenditures. The combining statements for non-major funds are included after the required supplementary information. The Statistical section of the report includes historical financial information and other data about the City.

## **Analysis of the Government-wide Statements**

### Net Assets

Net assets may serve as a useful indicator of the City's financial condition. The City's government-wide net assets increased by \$2,351,487 or 9.5 percent for the fiscal year ended December 31, 2010. The largest portion of the City's net assets (78 percent) is in capital assets (land, buildings, infrastructure, vehicles and machinery and equipment); less any debt related to those assets still outstanding.



Combined Net Assets of the City at December 31 were:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 5,474,880	\$ 5,136,779	\$ 4,978,463	\$ 2,587,783	\$ 10,453,343	\$ 7,724,562
Capital assets	14,950,591	15,398,841	19,863,404	16,532,634	34,813,995	31,931,475
Total assets	20,425,471	20,535,620	24,841,867	19,120,417	45,267,338	39,656,037
Long-term liabilities	3,373,749	3,713,030	11,078,609	7,514,924	14,452,358	11,227,954
Other liabilities	3,046,073	3,377,065	592,083	225,681	3,638,156	3,602,746
Total liabilities	6,419,822	7,090,095	11,670,692	7,740,605	18,090,514	14,830,700
Net assets:						
Invested in capital assets	12,347,223	12,292,827	8,908,653	9,115,253	21,255,876	21,408,080
Restricted	1,330,900	729,855	-	-	1,330,900	729,855
Unrestricted	327,526	422,843	4,262,522	2,264,559	4,590,048	2,687,402
Total net assets	\$ 14,005,649	\$ 13,445,525	\$ 13,171,175	\$ 11,379,812	\$ 27,176,824	\$ 24,825,337

### Governmental Activities

The City's governmental activities ended 2010 with positive net assets. Cash balances increased by \$1,105,521 or 130% in a recovering economic climate, compared to a 4.5% decrease from 2008 to 2009. Receivables decreased by \$761,722 mainly due to a decrease in receivables related to projects funded with grants.

Total Liabilities were reduced by \$670,273 or 9.4 percent. Long-term debt was reduced by making principal payments and not issuing new debt. Other liabilities also decreased slightly.

### Business-type activities

The City's business-type activities ended 2010 with positive total net assets.

- The total cash position increased by \$159,045 or 10.6 percent. This is due to rate increases implemented during 2010 and no additional transfers to the general fund were required.
- Several capital projects were ongoing during 2010 resulting in an increase of \$3,933,255 to construction in progress.
- Total Liabilities – Liabilities increased by \$3,930,087 mainly due to loans related to the ongoing capital projects mentioned above.

## Statement of Activities

Changes in net assets of the City for the years ended December 31 were:

<u>Changes in Net Assets</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 728,608	\$ 482,322	\$ 5,658,267	\$ 4,469,576	\$ 6,386,875	\$ 4,951,898
Operating grants and contributions	406,070	476,438	-	-	406,070	476,438
Capital grants and contributions	268,115	753,526	39,071	688,610	307,186	1,442,136
General revenues:						
Property taxes	3,406,690	3,423,769	-	-	3,406,690	3,423,769
Other taxes	2,529,491	2,403,770	937,296	945,042	3,466,787	3,348,812
Unrestricted investment earnings	16,246	11,948	16,265	10,159	32,511	22,107
Other	3,169	-	-	-	3,169	-
Total revenues	7,358,389	7,551,773	6,650,899	6,113,387	14,009,288	13,665,160
Expenses:						
General government	2,357,540	2,477,457	-	-	2,357,540	2,477,457
Public safety	2,880,226	2,841,896	-	-	2,880,226	2,841,896
Public works	1,469,786	1,388,693	-	-	1,469,786	1,388,693
Parks and recreation	492,756	426,369	-	-	492,756	426,369
Economic development	75,000	75,000	-	-	75,000	75,000
Interest on long-term debt	111,877	137,338	-	-	111,877	137,338
Water	-	-	2,407,449	2,225,755	2,407,449	2,225,755
Wastewater	-	-	1,490,589	1,466,583	1,490,589	1,466,583
Refuse	-	-	372,578	363,721	372,578	363,721
Total expenses	7,387,185	7,346,753	4,270,616	4,056,059	11,657,801	11,402,812
Increase (decrease) in net assets before transfers	(28,796)	205,020	2,380,283	2,057,328	2,351,487	2,262,348
Transfers	588,920	565,075	(588,920)	(565,075)	-	-
Change in net assets	560,124	770,095	1,791,363	1,492,253	2,351,487	2,262,348
Net assets, beginning of year as previously stated	13,445,535	12,675,430	11,379,812	9,614,694	24,825,347	22,290,124
Prior period adjustment	-	-	-	272,865	-	272,865
Net assets, beginning of year as restated	13,445,535	12,675,430	11,379,812	9,887,559	24,825,347	22,562,989
Net assets, ending	\$ 14,005,659	\$ 13,445,525	\$ 13,171,175	\$ 11,379,812	\$ 27,176,834	\$ 24,825,337



## Governmental Activities

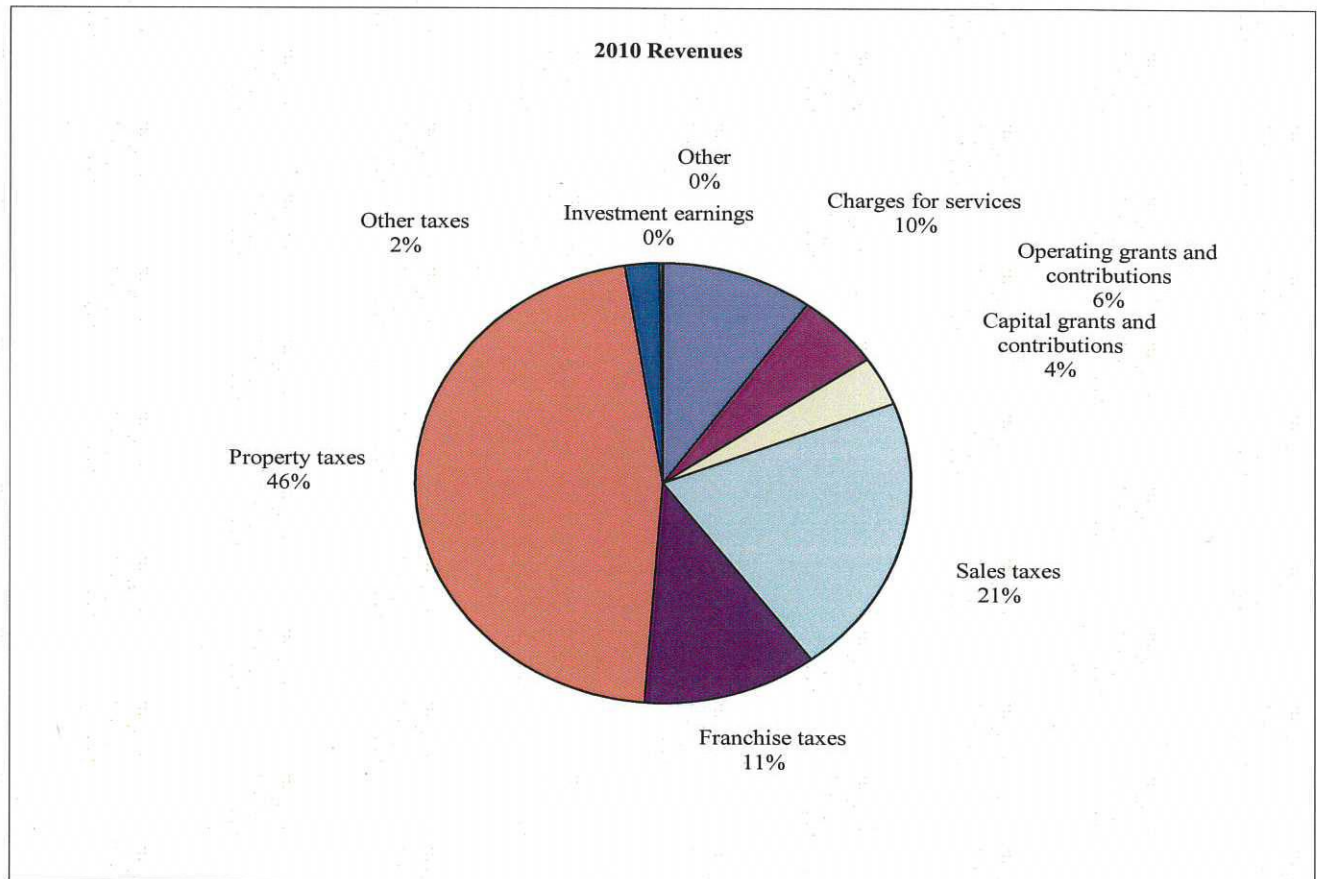
- Revenues from governmental programs decreased by \$193,384. Charges for services actually increased by \$246,286 mostly due to changes in the municipal court fines and fees schedules. We also saw an increase in impound and adoption fees at the animal shelter and an increase in rent collected for the Santa Fe Depot. Additionally, revenue from nuisance abatements was up in 2010 after a drop in 2009 due to budget constraints. The increase in the charges for services is more than offset by a drop in capital grants and contributions of \$485,411. This decrease is because of completion of capital and operating grants for the mall revitalization project. As a one-time capital project, there was not a need to sustain these revenue levels and levels of service in city operations were not impacted by the change in revenue.
- Total expenses increased by .5%. General government expenses decreased while public safety, public works and parks and recreation all increased slightly.
- The tables below compare the mill levies and the related assessed values for the 2009 and 2010 budget. The change in assessed value is due to the reappraisal of existing real estate.

<b>Mill Levy Rates 2009 and 2008</b>
--------------------------------------

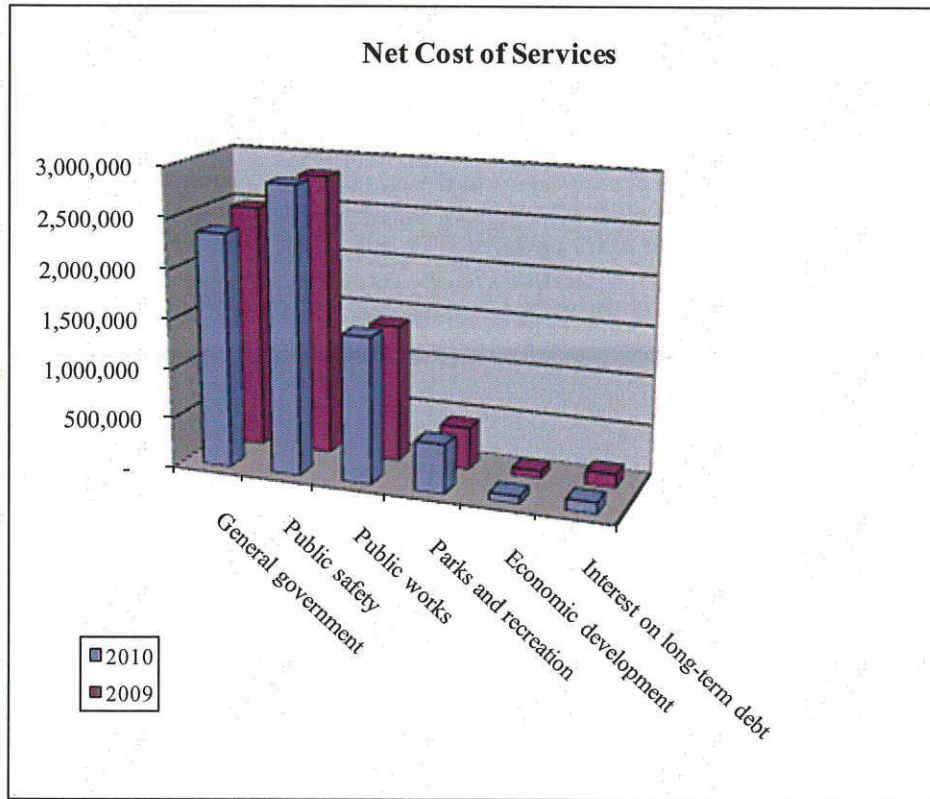
	<b>2009 Levy to support 2010 budget</b>	<b>2008 Levy to support 2009 budget</b>
General fund	42.100	42.071
Debt service	8.306	8.524
Library	6.775	6.770
Watershed	2.801	2.625
	<u>59.982</u>	<u>59.990</u>

Assessed Valuation 2010 and 2009				
	2009 Valuation to support 2010 Budget	2008 Valuation to support 2009 Budget	Increase/ Decrease Over Prior Year	% Change
Real estate	\$ 58,326,077	\$ 56,926,494	\$ 1,399,583	2.46%
Personal	6,209,979	7,018,204	(808,225)	-11.52%
Utilities	4,349,715	4,371,716	(22,001)	-0.50%
Neighborhood revitalization	(7,210,601)	(7,202,148)	(8,453)	0.12%
	<u>\$ 61,675,170</u>	<u>\$ 61,114,266</u>	<u>\$ 560,904</u>	<u>0.92%</u>

The following graph illustrates the composition of 2010 primary government revenues.



The following graph compares the net cost of services for governmental activities in 2010 and 2009.



The total cost of services in 2010 was \$7,387,185; however, \$1,134,688 was funded by users directly benefiting from the services or by other organizations through operating grants and contributions. The City's taxpayers, primarily through property taxes, franchise fees and sales taxes, paid the remaining \$6,252,497 of these services.

#### Business-type Activities

Revenues and expenses increased over the prior year as discussed below.

- The revenue increases are due to a 25% water rate increase implemented with the January 2010 billing cycle, a 10% wastewater rate increase and a 4.9% refuse rate increase.
- Expenses for Business-type Activities increased by \$214,557 (or 5.3%). This is mainly due to increases in contractual services and utilities. Personnel costs and supplies also contributed.

### Analysis of the Fund Financial Statements

The City uses fund accounting to enhance and demonstrate fiscal responsibility and compliance with finance related legal requirements.

	Total Fund Balance at December 31		Unrestricted Fund Balance at December 31	
	2010	2009	2010	2009
General	\$ 1,057,771	\$ 580,168	\$ 1,016,875	\$ 525,684
Water	5,315,022	3,727,702	1,732,745	540,601
Wastewater	7,634,680	7,422,487	2,381,288	1,601,724
Total	\$ 14,007,473	\$ 11,730,357	\$ 5,130,908	\$ 2,668,009

### Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information about current inflows, outflows and balances of spendable resources. The unrestricted fund balance is a helpful measure of the City's resources available for expenditure at the end of the year. Overall, the City's major funds experienced a 19 percent increase in total fund balance as a result of 2010 operations.

The general fund is the main operating fund of the city. At December 31, 2010 the unrestricted fund balance for this fund was \$1,016,875. To assess the liquidity of a fund it may be useful to compare the fund balance (total and unrestricted) to the fund's total expenditures. For 2010 the unrestricted fund balance is 17.4 percent of fund expenditures and the total fund balance is 18.1 percent of the same amount.

The unrestricted general fund balance did increase by 93 percent in 2010. The increase is due to increased revenues (charges for services, fines and fees, franchise taxes and PILOT). Expenses did increase 4 percent from 2009 to 2010 however the net impact of transfers in and out of the general fund added \$253,548 additional dollars.

The increase in the total water and wastewater fund balances is due to rate increases in both funds effective January 2010.

### General Fund Budgetary Highlights

The following revenue and expenditure categories experienced significant differences between the final budget amount and the actual amount.

- Sales Tax – the budget for sales taxes was conservative because of the weak economy during the time the budget was created. Collections were stronger during 2010 than expected.
- Franchise Fees- the Westar franchise fee was increased after the 2010 budget was passed.
- Building official and buildings and grounds- contractual services were over budget because the city paid utility bills for the Santa Fe Depot that were not budgeted. Additionally the building required repairs during the year that were not included in the budget.
- Amelia Earhart Airport- Payments to the Fixed Base Operator were not included in the budget.

## Capital Assets and Debt Administration

### Capital Assets

The City's total investment in capital assets as of December 31, 2010, was \$34,818,040 (net of accumulated depreciation). This is a 9.0 percent increase over 2009. A breakdown of assets by category is presented below.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,884,933	\$ 1,884,933	\$ 101,537	\$ 101,537	\$ 1,986,470	\$ 1,986,470
Construction in progress	93,315	13,690	4,600,811	667,556	4,694,126	681,246
Buildings and systems	815,500	729,730	14,568,787	15,172,638	15,384,287	15,902,368
Improvements	5,776,392	6,041,554	-	-	5,776,392	6,041,554
Machinery and equipment	784,173	976,855	592,269	590,903	1,376,442	1,567,758
Infrastructure	5,596,278	5,752,079	-	-	5,596,278	5,752,079
	<u>\$ 14,950,591</u>	<u>\$ 15,398,841</u>	<u>\$ 19,863,404</u>	<u>\$ 16,532,634</u>	<u>\$ 34,813,995</u>	<u>\$ 31,931,475</u>

The only additions to capital assets in 2010 were to construction in progress. This large increase of \$3,933,255 is due mainly to the water main replacement and new high service pump station projects.

Additional information about the City's capital assets can be found in Notes 1 and 5 in notes to the financial statements.

### Debt Administration

**Long-term debt-** The outstanding general obligation bonds at December 31, 2010 totaled \$2,545,319 and the outstanding bonds supported by revenues of business activities are \$6,629,681 for a total outstanding debt of \$9,175,000. This represents a 9 percent decrease over the 2009 balance. In the spring of 2011, Moody's Investor Services gave the City an "A1" credit rating, positively impacting future bond issuances.

The ratio of general obligation bonded debt to assessed valuation and the amount of bonded debt per capita provide useful indicators of the City's debt position to citizens, elected officials, City management and investors. This data for the City at the end of 2010 is presented below.

	Net General Obligation Debt	Ratio of Debt to Assessed Value	Debt Per Capita
2010	\$ 2,545,319	4.13%	\$ 231

State statutes limit net general obligation debt to 30 percent of assessed value. At December 31, 2010 taxable assessed valuation was \$61,675,170 and net bonded debt was \$2,315,397. The City's debt margin totaled \$16,187,154.



Additional information regarding the City's debt can be found in Note 12 in the notes to the financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of the City finances. In compliance with the Kansas Open Records Act, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 515 Kansas Avenue, Atchison, Kansas 66002.

# Basic Financial Statements

2010

## CITY OF ATCHISON, KANSAS

## STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Public Library	Watershed District
Assets:					
Cash and cash equivalents	\$ 1,952,729	\$ 1,431,678	\$ 3,384,407	\$ 400,289	\$ 88,867
Restricted cash	-	215,771	215,771	-	-
Investments	-	-	-	119,637	-
Other assets	3,412	-	3,412	-	-
Receivables, net of allowance for uncollectibles:					
Taxes	3,176,461	155,637	3,332,098	410,483	185,116
Special assessments	60,000	-	60,000	-	-
Intergovernmental	75,356	2,410,000	2,485,356	-	-
Accounts	96,603	679,984	776,587	-	-
Deferred charges	-	85,393	85,393	-	-
Due from component unit	110,319	-	110,319	-	-
Capital assets, net of accumulated depreciation:					
Land	1,884,933	101,537	1,986,470	8,995	-
Construction in progress	93,315	4,600,811	4,694,126	-	-
Books	-	-	-	39,554	-
Buildings and systems	815,500	14,568,787	15,384,287	391,215	81,762
Improvements	5,776,392	-	5,776,392	-	50,990
Machinery and equipment	784,173	592,269	1,376,442	20,287	88,262
Infrastructure	5,596,278	-	5,596,278	-	-
Total assets	<u>20,425,471</u>	<u>24,841,867</u>	<u>45,267,338</u>	<u>1,390,460</u>	<u>494,997</u>
Liabilities:					
Accounts payable	147,299	421,353	568,652	2,500	8,045
Accrued liabilities	58,056	16,401	74,457	7,678	955
Accrued interest payable	30,809	154,329	185,138	410,483	-
Due to primary government	-	-	-	-	110,319
Unearned revenue	2,809,909	-	2,809,909	-	185,116
Noncurrent liabilities:					
Due within one year	730,573	636,935	1,367,508	7,731	1,855
Due in more than one year	2,643,176	10,441,674	13,084,850	3,518	-
Total liabilities	<u>6,419,822</u>	<u>11,670,692</u>	<u>18,090,514</u>	<u>431,910</u>	<u>306,290</u>
Net assets:					
Invested in capital assets, net of related debt	12,347,223	8,908,653	21,255,876	460,051	221,014
Restricted for:					
Debt service	259,113	-	259,113	-	-
Revolving funds	129,085	-	129,085	-	-
Equipment	315,348	-	315,348	-	-
Other purposes	106,039	-	106,039	-	-
Capital projects	521,315	-	521,315	-	-
Unrestricted	327,526	4,262,522	4,590,048	498,499	(32,307)
Total net assets	<u>\$ 14,005,649</u>	<u>\$ 13,171,175</u>	<u>\$ 27,176,824</u>	<u>\$ 958,550</u>	<u>\$ 188,707</u>

See accompanying notes to basic financial statements.



CITY OF ATCHISON, KANSAS  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Total	Component Units	
			Operating Grants and Contributions	Capital Grants and Contributions			
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,357,540	\$ 502,699	\$ 94,265	\$ 78,516	\$ (1,682,060)	\$ -	\$ -
Public safety	2,880,226	83,335	750	-	(2,796,141)	-	-
Public works	1,469,786	142,574	279,779	189,599	(857,834)	-	-
Parks and recreation	492,756	-	31,276	-	(461,480)	-	-
Economic development	75,000	-	-	-	(75,000)	-	-
Interest on long-term debt	111,877	-	-	-	(111,877)	-	-
Total governmental activities	7,387,185	728,608	406,070	268,115	(5,984,392)	-	-
Business-type activities:							
Water	2,407,449	3,621,075	-	39,071	1,252,697	-	-
Wastewater	1,490,589	1,576,158	-	-	85,569	-	-
Refuse	372,578	461,034	-	-	88,456	-	-
Total business-type activities	4,270,616	5,658,267	-	39,071	1,426,722	-	-
Total primary government	\$ 11,657,801	\$ 6,386,875	\$ 406,070	\$ 307,186	(5,984,392)	-	-
<b>Component units:</b>							
Public Library	\$ 524,211	\$ 15,888	\$ 48,589	\$ -	-	(459,734)	-
Watershed District	199,348	-	8,748	-	-	-	(190,600)
Total component units	\$ 723,559	\$ 15,888	\$ 57,337	\$ -	-	(459,734)	(190,600)
<b>General revenues:</b>							
Property taxes					3,406,690	458,920	204,668
Sales taxes					1,520,429	-	-
Franchise taxes					842,672	-	-
Guest taxes					115,218	-	-
Payment in lieu of taxes					51,172	-	-
Unrestricted investment earnings					16,246	3,949	1,066
Gain on sale of capital assets					3,169	-	-
Transfers					(588,920)	-	-
Total general revenues and transfers					6,909,157	462,869	205,734
Change in net assets					2,351,487	3,135	15,134
Net assets, beginning of year					24,825,337	955,415	173,573
Net assets, end of year					\$ 27,176,824	\$ 958,550	\$ 188,707

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 843,147	\$ 1,109,582	\$ 1,952,729
Receivables (net of allowance for uncollectibles):			
Taxes	2,673,827	502,634	3,176,461
Intergovernmental	-	75,356	75,356
Special assessments	-	60,000	60,000
Accounts	39,503	57,100	96,603
Due from component unit	-	110,319	110,319
Other assets	3,412	-	3,412
Total assets	<u>\$ 3,559,889</u>	<u>\$ 1,914,991</u>	<u>\$ 5,474,880</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 136,787	\$ 10,512	\$ 147,299
Accrued payroll	58,056	-	58,056
Deferred revenue	2,307,275	562,634	2,869,909
Total liabilities	<u>2,502,118</u>	<u>573,146</u>	<u>3,075,264</u>
Fund balances:			
Reserved for:			
Encumbrances	40,896	434,133	475,029
Unreserved, reported in:			
General fund	1,016,875	-	1,016,875
Debt service fund	-	229,922	229,922
Special revenue funds	-	226,510	226,510
Capital projects funds	-	451,280	451,280
Total fund balances	<u>1,057,771</u>	<u>1,341,845</u>	<u>2,399,616</u>
Total liabilities and fund balances	<u>\$ 3,559,889</u>	<u>\$ 1,914,991</u>	<u>\$ 5,474,880</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS

December 31, 2010

Total fund balance in governmental fund balance sheet	\$ 2,399,616
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,950,591
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	60,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,404,558)</u>
Net assets of governmental activities	<u><u>\$ 14,005,649</u></u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Property	\$ 2,842,271	\$ 564,419	\$ 3,406,690
Sales	1,520,429	-	1,520,429
Franchise	842,672	-	842,672
Guest	115,218	-	115,218
Payments in lieu of taxes	51,172	-	51,172
Intergovernmental	93,714	567,466	661,180
Licenses and permits	89,050	-	89,050
Charges for services	151,480	-	151,480
Fines and fees	243,079	-	243,079
Special assessments	-	32,707	32,707
Interest on investments	8,287	7,959	16,246
Other	60,218	103,287	163,505
Total revenues	<u>6,017,590</u>	<u>1,275,838</u>	<u>7,293,428</u>
Expenditures:			
Current:			
General government	1,404,683	451,203	1,855,886
Public works	1,191,008	-	1,191,008
Public safety	2,718,545	18,038	2,736,583
Parks and recreation	452,746	12,292	465,038
Economic development	75,000	-	75,000
Debt service:			
Principal	-	508,623	508,623
Interest and fiscal charges	-	117,500	117,500
Capital outlay	-	480,777	480,777
Total expenditures	<u>5,841,982</u>	<u>1,588,433</u>	<u>7,430,415</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>175,608</u>	<u>(312,595)</u>	<u>(136,987)</u>
Other financing sources (uses):			
Sale of capital assets	27,526	23,227	50,753
General obligation bonds issued	-	110,319	110,319
Transfers in	492,200	620,451	1,112,651
Transfers out	(217,731)	(287,075)	(504,806)
Total other financing sources (uses)	<u>301,995</u>	<u>466,922</u>	<u>768,917</u>
Net change in fund balances	477,603	154,327	631,930
Fund balances, beginning of year	580,168	1,187,518	1,767,686
Fund balances, end of year	<u>\$ 1,057,771</u>	<u>\$ 1,341,845</u>	<u>\$ 2,399,616</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$ 631,930
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(451,917)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations) is to increase net assets.	3,668
Revenues recorded in the statement of activities that do not provide current financial resources are not recorded in the governmental funds.	31,540
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	369,510
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(24,607)
Change in net assets of governmental activities	<u>\$ 560,124</u>

See accompanying notes to basic financial statements.

## CITY OF ATCHISON, KANSAS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

December 31, 2010

	Water	Wastewater	Nonmajor Fund Refuse	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 398,806	\$ 914,214	\$ 118,658	\$ 1,431,678
Restricted cash	-	215,771	-	215,771
Receivables (net of allowance for uncollectibles):				
Accounts	440,164	180,949	58,871	679,984
Intergovernmental	1,135,255	1,274,745	-	2,410,000
Taxes	-	155,637	-	155,637
Total current assets	1,974,225	2,741,316	177,529	4,893,070
Noncurrent assets:				
Deferred charges	85,393	-	-	85,393
Capital assets:				
Land	84,396	17,141	-	101,537
Buildings and systems	17,330,222	12,463,649	-	29,793,871
Machinery and equipment	664,173	889,856	322,215	1,876,244
Construction in progress	3,226,018	1,374,793	-	4,600,811
Less accumulated depreciation	(8,042,526)	(8,217,302)	(249,231)	(16,509,059)
Total noncurrent assets	13,347,676	6,528,137	72,984	19,948,797
Total assets	15,321,901	9,269,453	250,513	24,841,867
Liabilities:				
Current liabilities:				
Accounts payable	92,594	320,905	7,854	421,353
Accrued payroll	10,589	2,766	3,046	16,401
Accrued interest payable	154,329	-	-	154,329
Accrued compensated absences - current	32,754	11,733	5,091	49,578
General obligation bonds - current	587,357	-	-	587,357
Total current liabilities	877,623	335,404	15,991	1,229,018
Noncurrent liabilities:				
Accrued compensated absences	36,607	24,624	13,049	74,280
Loans payable	3,192,167	1,274,745	-	4,466,912
General obligation bonds payable (net of deferred amount on refunding)	5,900,482	-	-	5,900,482
Total noncurrent liabilities	9,129,256	1,299,369	13,049	10,441,674
Total liabilities	10,006,879	1,634,773	29,040	11,670,692
Net assets:				
Invested in capital assets, net of related debt	3,582,277	5,253,392	72,984	8,908,653
Unrestricted	1,732,745	2,381,288	148,489	4,262,522
Total net assets	\$ 5,315,022	\$ 7,634,680	\$ 221,473	\$ 13,171,175

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

Year Ended December 31, 2010

	Water	Wastewater	Nonmajor Fund Refuse	Total
Operating revenues:				
Charges for sales and services	\$ 3,621,075	\$ 1,576,158	\$ 461,034	\$ 5,658,267
Operating expenses:				
Personnel services	674,056	320,521	295,790	1,290,367
Contractual services	299,667	712,217	13,182	1,025,066
Supplies	349,481	24,865	23,443	397,789
Utilities	277,339	127,601	5,761	410,701
Depreciation	410,958	327,145	34,402	772,505
Total operating expenses	2,011,501	1,512,349	372,578	3,896,428
Operating income	1,609,574	63,809	88,456	1,761,839
Nonoperating revenues (expenses):				
Sales tax	-	937,296	-	937,296
Capital grants	39,071	-	-	39,071
Interest revenue	3,195	12,451	619	16,265
Interest expense	(395,948)	(590)	-	(396,538)
Total nonoperating revenues (expenses)	(353,682)	949,157	619	596,094
Income before transfers and capital contributions	1,255,892	1,012,966	89,075	2,357,933
Capital contributions	3,529	37,746	-	41,275
Transfers in	812,455	230,075	-	1,042,530
Transfers out	(484,556)	(1,068,594)	(97,225)	(1,650,375)
Change in net assets	1,587,320	212,193	(8,150)	1,791,363
Total net assets, beginning of year	3,727,702	7,422,487	229,623	11,379,812
Total net assets, end of year	\$ 5,315,022	\$ 7,634,680	\$ 221,473	\$ 13,171,175

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended December 31, 2010

	Water	Wastewater	Nonmajor Fund Refuse	Total
Cash flows from operating activities:				
Receipts from customers	\$ 3,552,790	\$ 1,579,620	\$ 457,425	\$ 5,589,835
Payments to suppliers	(896,511)	(574,821)	(43,346)	(1,514,678)
Payments to employees	(653,439)	(318,793)	(288,591)	(1,260,823)
Net cash provided by operating activities	2,002,840	686,006	125,488	2,814,334
Cash flows from noncapital financing activities:				
Transfers in from other funds	812,455	230,075	-	1,042,530
Transfers to other funds	(484,556)	(1,068,594)	(97,225)	(1,650,375)
Net cash provided by (used in) noncapital financing activities	327,899	(838,519)	(97,225)	(607,845)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,083,890)	(978,110)	-	(4,062,000)
Principal paid on general obligation debt	(725,000)	-	-	(725,000)
Proceeds from capital debt	8,235,507	-	-	8,235,507
Premium on capital debt	126,675	-	-	126,675
Payments to refund general obligation debt	(6,163,517)	-	-	(6,163,517)
Other financing costs	(85,393)	-	-	(85,393)
Payments on capital leases	-	(18,663)	-	(18,663)
Receipt of sales tax	-	931,923	-	931,923
Proceeds from federal grants	39,071	-	-	39,071
Interest paid on general obligation debt	(341,722)	(590)	-	(342,312)
Net cash used in capital and related financing activities	(1,998,269)	(65,440)	-	(2,063,709)
Cash flows from investing activities:				
Interest received	3,195	12,451	619	16,265
Net increase (decrease) in cash and cash equivalents	335,665	(205,502)	28,882	159,045
Cash and cash equivalents and restricted cash, beginning of year	63,141	1,335,487	89,776	1,488,404
Cash and cash equivalents and restricted cash, end of year	\$ 398,806	\$ 1,129,985	\$ 118,658	\$ 1,647,449

See accompanying notes to basic financial statements.



CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Continued)

Year Ended December 31, 2010

	Water	Wastewater	Nonmajor Fund Refuse	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,609,574	\$ 63,809	\$ 88,456	\$ 1,761,839
Adjustments to reconcile operating income to net cash provided by operating activities:				
Items not requiring cash:				
Depreciation expense	410,958	327,145	34,402	772,505
Changes in:				
Accounts receivable	(68,285)	3,462	(3,609)	(68,432)
Accounts payable	29,976	289,862	(960)	318,878
Accrued compensated absences	18,482	1,261	6,575	26,318
Accrued payroll	2,135	467	624	3,226
Net cash provided by operating activities	<u>\$ 2,002,840</u>	<u>\$ 686,006</u>	<u>\$ 125,488</u>	<u>\$ 2,814,334</u>

Noncash capital financing activities:

Contributions of capital assets of \$ 3,529 and \$ 37,746 were acquired in the water fund and wastewater fund, respectively,  
 from other governmental funds.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

December 31, 2010

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$        271,494</u>
Liabilities:	
Due to others	<u>\$        271,494</u>

See accompanying notes to basic financial statements.

## CITY OF ATCHISON, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

#### 1 - Summary of Significant Accounting Policies

##### Reporting Entity

The City of Atchison, Kansas (the City) was incorporated in 1858. The City operates under a City Commission - Manager form of government. The accompanying basic financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for descriptions) to emphasize that they are legally separate from the City.

*Discretely Presented Component Units.* The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's operating budget is limited to seven mills by charter ordinance of the City Commission. The City must approve acquisition or disposition of real property by the Library, but the Library owns the capital assets. Bond issuances must also be approved by the City. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

The White Clay Watershed District (the Watershed District) is operated by a Board elected by the voters. The City issued temporary notes on behalf of the Watershed District in 2006. Under the terms of an interlocal agreement with the City, the Watershed District is responsible for the payments. If the Watershed District were to default on the debt payments, the City is financially responsible for the outstanding balance of the temporary notes. The Watershed District is presented as a governmental fund type. Separately issued financial statements for the Watershed District are not available.

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

## CITY OF ATCHISON, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus and use the accrual basis of accounting to report their financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by deferred revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The City reports the following major proprietary funds:

The water fund accounts for the operation and maintenance activities of the City's water distribution system.

The wastewater fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment system.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund type:

Agency funds are used to report resources held by the City in a custodial capacity for remittance to private organizations. These funds are held on behalf of Fire Insurance Proceeds, Amelia Earhart Festival, Santa Fe Depot Enhancement, Veteran's Memorial Park, Jackson Park Revitalization and International Forest of Friendship.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water/wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater funds are charges to customers for sales and services. Operating expenses for the water and wastewater funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.



CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pooled Cash and Investments

Cash and cash equivalents of the individual funds and the Watershed District are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled investments consist of operating accounts and nonnegotiable certificates of deposit that are recorded at cost because they are not affected by market rate changes. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average monthly equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2010, interest earnings allocated to the various funds were \$ 32,511.

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2010, an allowance for uncollectible receivables of approximately \$ 268,000 has been recorded.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds deferred revenue is reported as follows:

General fund property tax receivable	\$ 2,307,275
Debt service fund property tax receivable	502,634
Debt service fund special assessments receivable	<u>60,000</u>
	<u>\$ 2,869,909</u>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by the Atchison County Assessor. The assessed value for property located in the City on which the 2010 levy was based was \$ 61,755,286. The assessed value for property located in the Watershed District on which the 2010 levy was based was \$ 67,330,855.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2009 tax levy per \$ 1,000 of assessed valuation which supports the 2010 budget was as follows:

General Fund	\$ 42.100
Debt Service Fund	8.306
Component units:	
Public Library	6.775
Watershed District	<u>2.801</u>
	<u>\$ 59.982</u>

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Taxes receivable represent property taxes and special assessments levied for 2010 and prior years that have not yet been collected, net of estimated uncollectibles.

Restricted Assets

Restricted cash is set aside in the wastewater fund for wastewater capital improvements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Buildings and systems	20 - 40 years
Improvements	20 years
Machinery and equipment	3 - 10 years
Infrastructure	40 years

## CITY OF ATCHISON, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee with twenty years of service or more will receive accumulated sick leave up to a maximum of 120 days and all accumulated vacation leave, provided the employee has met all conditions set forth in Section VI of the City's personnel policy. An employee with fifteen to twenty years of service will receive one-half of accumulated sick leave, which is limited to a maximum of forty-five days, and all accumulated vacation leave in the event of termination. An employee with ten to fifteen years of service will receive one-fourth of accumulated sick leave, which is limited to a maximum of fifteen days, and all accumulated vacation leave in the event of termination. All vacation pay is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon attaining ten, fifteen and twenty years of service in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

##### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs. Credit is extended to citizens for special assessments levied by the City for capital improvements. These assessments are secured by liens on the related properties.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2010, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in February 2009. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for periods beginning after June 15, 2010.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, was issued in November 2010. The objective of this statement is to improve financial reporting by modifying certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria and guidance for reporting component units as if they were part of the primary government (that is, blending). Additionally, this statement requires a primary government to report its equity interest in a component unit as an asset. The provisions of this statement are effective for periods beginning after June 15, 2012.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ 3,404,558 difference are as follows:

Bonds payable	\$ (2,545,319)
Capital leases payable	(145,359)
Accrued interest payable	(30,809)
Compensated absences	(595,797)
Net other postemployment benefit obligation	<u>(87,274)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (3,404,558)</u>



# CITY OF ATCHISON, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

#### Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 451,917 difference are as follows:

Capital outlay	\$ 361,106
Depreciation expense	<u>(813,023)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (451,917)</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 369,510 difference are as follows:

Principal repayments:	
General obligation debt	\$ 480,000
Capital leases	28,623
Debt issued:	
General obligation debt	(110,319)
Change in net other postemployment benefit obligation	<u>(28,794)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 369,510</u>

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$ 24,607 difference are as follows.

Compensated absences	\$ (30,230)
Accrued interest	<u>5,623</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (24,607)</u>

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. Legal operating budgets are required for the General, Special Alcohol, Special Parks and Recreation, Motor Fuel, and the Debt Service Funds. Budgets are not required for the Façade Improvements, Law Enforcement, DARE, Grants, Insurance Reserve, Capital Projects, Municipal Equipment Reserve, Water, Wastewater and Refuse Funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

## CITY OF ATCHISON, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 3 - Stewardship, Compliance and Accountability (Continued)

##### Budgetary Information (Continued)

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments to the original budget for the year ended December 31, 2010.

Under Kansas statutes management cannot amend the total budget of a fund without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. Therefore, the legal level of control is at the fund level for all legally adopted budgets. The City has elected to pursue a policy of requiring approval of the City Manager on major category changes exceeding \$ 5,000. City Commission approval is not needed for category changes or budget transfers within an approved budget. Major category means total personnel services, total contractual services, total materials and supplies, total other charges, or total capital outlay.

#### 4 - Deposits and Investments

##### *Credit risk*

Kansas statutes authorize the City, the Watershed District and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. City Resolution 4896 further limits the investment of temporarily idle funds of the City to either, or all, of the following:

1. Direct obligations of the United States Government.
2. Temporary notes of the City.
3. Interest bearing certificates of deposit of the depository banks of the City.
4. Interest bearing accounts with federally insured savings and loan associations in such amounts not exceeding such federal insurance.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Deposits and Investments (Continued)

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2010, the City's and the Watershed District's deposits were not exposed to custodial credit risk. The deposits for the Library, including certificates of deposit classified as investments on the statement of net assets, were not exposed to custodial credit risk.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,884,933	\$ -	\$ -	\$ 1,884,933
Construction in progress	13,690	80,975	(1,350)	93,315
Total capital assets not being depreciated	1,898,623	80,975	(1,350)	1,978,248
Capital assets being depreciated:				
Buildings and systems	2,316,562	130,135	-	2,446,697
Improvements	7,601,282	2,082	-	7,603,364
Machinery and equipment	3,506,423	132,899	(144,935)	3,494,387
Infrastructure	18,115,751	37,365	(2,135)	18,150,981
Total capital assets being depreciated	31,540,018	302,481	(147,070)	31,695,429
Less accumulated depreciation for:				
Buildings and systems	(1,586,832)	(44,365)	-	(1,631,197)
Improvements	(1,559,728)	(267,244)	-	(1,826,972)
Machinery and equipment	(2,529,568)	(308,248)	127,602	(2,710,214)
Infrastructure	(12,363,672)	(193,166)	2,135	(12,554,703)
Total accumulated depreciation	(18,039,800)	(813,023)	129,737	(18,723,086)
Total capital assets being depreciated, net	13,500,218	(510,542)	(17,333)	12,972,343
Governmental activities capital assets, net	\$ 15,398,841	\$ (429,567)	\$ (18,683)	\$ 14,950,591

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 101,537	\$ -	\$ -	\$ 101,537
Construction in progress	667,556	3,939,733	(6,478)	4,600,811
Total capital assets not being depreciated	769,093	3,939,733	(6,478)	4,702,348
Capital assets being depreciated:				
Buildings and systems	29,763,987	29,884	-	29,793,871
Machinery and equipment	1,777,806	140,136	(41,698)	1,876,244
Total capital assets being depreciated	31,541,793	170,020	(41,698)	31,670,115
Less accumulated depreciation for:				
Buildings and systems	(14,591,349)	(633,735)	-	(15,225,084)
Machinery and equipment	(1,186,903)	(138,770)	41,698	(1,283,975)
Total accumulated depreciation	(15,778,252)	(772,505)	41,698	(16,509,059)
Total capital assets being depreciated, net	15,763,541	(602,485)	-	15,161,056
Business-type activities capital assets, net	<u>\$ 16,532,634</u>	<u>\$ 3,337,248</u>	<u>\$ (6,478)</u>	<u>\$ 19,863,404</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 455,119
Public safety	124,954
Public works	206,270
Parks and recreation	26,680
Total depreciation expense - governmental activities	<u>\$ 813,023</u>
Business-type activities:	
Water	\$ 410,958
Wastewater	327,145
Refuse	34,402
Total depreciation expense - business-type activities	<u>\$ 772,505</u>



CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

Discretely Presented Component Units

Capital asset activity for the Library and the Watershed District for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Library:</b>				
Capital assets not being depreciated:				
Land	\$ 8,995	\$ -	\$ -	\$ 8,995
Construction in progress	6,160	-	(6,160)	-
Total capital assets not being depreciated	15,155	-	(6,160)	8,995
Capital assets being depreciated:				
Buildings and systems	558,627	12,320	-	570,947
Books	545,114	27,137	(28,803)	543,448
Machinery and equipment	58,528	-	-	58,528
Total capital assets being depreciated	1,162,269	39,457	(28,803)	1,172,923
Less accumulated depreciation for:				
Buildings and systems	(165,492)	(14,240)	-	(179,732)
Books	(505,135)	(27,562)	28,803	(503,894)
Machinery and equipment	(34,017)	(4,224)	-	(38,241)
Total accumulated depreciation	(704,644)	(46,026)	28,803	(721,867)
Total capital assets being depreciated, net	457,625	(6,569)	-	451,056
Library capital assets, net	\$ 472,780	\$ (6,569)	\$ (6,160)	\$ 460,051

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

Discretely Presented Component Units (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Watershed District:</b>				
Capital assets being depreciated:				
Machinery and equipment	\$ 192,564	\$ -	\$ -	\$ 192,564
Buildings and systems	88,193	-	-	88,193
Improvements	11,370	44,999	-	56,369
Total capital assets being depreciated	292,127	44,999	-	337,126
Less accumulated depreciation for:				
Machinery and equipment	(87,586)	(16,716)	-	(104,302)
Buildings and systems	(4,226)	(2,205)	-	(6,431)
Improvements	(2,179)	(3,200)	-	(5,379)
Total accumulated depreciation	(93,991)	(22,121)	-	(116,112)
Total capital assets being depreciated, net	198,136	22,878	-	221,014
Watershed District capital assets, net	\$ 198,136	\$ 22,878	\$ -	\$ 221,014

6 - Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plan (Continued)

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for all employees hired prior to July 1, 2009. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% of covered salary for all employees hired after July 1, 2009. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for January through March and July through December 2010 was 7.14%. The KPERS employer rate established by statute for April through June 2010 was 6.14%. The City's employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008 were \$ 139,964, \$ 117,273, and \$ 101,383, respectively, equal to the statutory required contributions for each year. The City's KP&F uniform participating employer rate established for calendar year 2010 is 13.72%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The contributions to KP&F for the years ending December 31, 2010, 2009, and 2008 were approximately \$ 227,000, \$ 232,000, and \$ 238,000, respectively, equal to the statutory required contributions for each year.

7 - Other Postemployment Healthcare Benefits

Description. The City offers postemployment health insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to early retirees with at least ten years of service and their dependents until the individuals become eligible for Medicare at 65. The plan does not issue a stand-alone financial report.

# CITY OF ATCHISON, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7 - Other Postemployment Healthcare Benefits (Continued)

Funding Policy. The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the composite premium cost of active employees to maintain coverage.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2010, the City contributed \$ 9,434 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 39,032
Interest on net OPEB obligation	2,632
Adjustment to annual required contribution	<u>(3,436)</u>
Annual OPEB cost (expense)	38,228
Contributions made	<u>(9,434)</u>
Increase in net OPEB obligation	28,794
Net OPEB obligation, January 1, 2010	<u>58,480</u>
Net OPEB obligation, December 31, 2010	<u><u>\$ 87,274</u></u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 39,032	30%	\$ 27,164
2009	\$ 38,659	19%	\$ 58,480
2010	\$ 38,228	25%	\$ 87,274

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 200,479. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 200,479. The covered payroll (annual payroll of active employees covered by the plan) was \$ 4,177,973 and the ratio of the UAAL to the covered payroll was 4.80% percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

In the January 1, 2008 actuarial valuation, the attained age actuarial cost method was applied. The actuarial assumptions included a 4.5 percent discount rate, which reflects the expected returns of asset classes stipulated in the investment policy underlying idle funds and recent return experience with cash flows that match the expected benefit payments to the City's current and future retirees. The valuation assumed annual healthcare cost trend rates of seven percent. The UAAL is being amortized using the level dollar of projected payroll method over a period of 30 years with the remaining amortization period of 27 years. The amortization period used is closed.

8 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

9 - Commitments and Contingencies

Capital Projects

The City has the following projects in progress at December 31, 2010:

	Costs to Date	Amount Authorized
General Government:		
4th Street reconstruction	\$ 14,799	\$ 107,829
Airport taxi way	78,516	99,440
Water:		
High service pump station	960,828	970,000
Mains	2,265,190	2,794,624
Wastewater:		
North Headworks force main and pump station	1,327,139	3,657,035
	<u>\$ 4,646,472</u>	<u>\$ 7,628,928</u>



CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Commitments and Contingencies (Continued)

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2010, industrial revenue bonds of \$ 48,828,896 are outstanding.

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2010 are comprised of the following issues:

	Callable Date	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2010	Outstanding December 31, 2010
General Obligation Bonds:						
Governmental activities:						
Series 2002-A	9/1/2010	3.50% to 4.15%	\$ 1,748,000	2012	\$ 220,000	\$ 470,000
Series 2004-A	9/1/2012	2.90% to 3.70%	500,000	2014	50,000	225,000
Series 2007-A	9/1/2015	3.50% to 4.00%	2,300,000	2017	210,000	1,740,000
Series 2010-A	N/A	2.00% to 2.50%	6,235,000	2018	-	110,319
					<u>480,000</u>	<u>2,545,319</u>
Business-type activities:						
Series 2001-A	9/1/2011	4.00% to 6.00%	9,965,000	2018	490,000	505,000
Series 2004-B	N/A	2.05% to 3.00%	2,345,000	2010	235,000	-
Series 2010-A	N/A	2.00% to 2.50%	6,235,000	2018	-	6,124,681
					<u>725,000</u>	<u>6,629,681</u>
					<u>\$ 1,205,000</u>	<u>\$ 9,175,000</u>

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2002-A	\$ 68,000	\$ 240,000
Series 2004-A	40,000	60,000
Series 2007-A	150,000	280,000
Series 2010-A	17,643	19,276
Business-type activities:		
Series 2001-A	505,000	505,000
Series 2010-A	82,357	975,000

# CITY OF ATCHISON, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10 - Long-Term Debt (Continued)

#### General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2010 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 522,643	\$ 92,615	\$ 587,357	\$ 145,302
2012	542,808	72,547	607,192	132,348
2013	313,165	52,311	866,835	120,204
2014	328,528	41,474	891,472	102,868
2015	273,898	29,885	911,102	85,038
2016-2020	564,277	30,545	2,765,723	134,191
	<u>\$ 2,545,319</u>	<u>\$ 319,377</u>	<u>\$ 6,629,681</u>	<u>\$ 719,951</u>

#### Refunding

In the current year, the City issued Series 2010A General Obligation Refunding Bonds in the amount of \$ 6,235,000 to advance refund \$ 5,895,000 of the outstanding balance of the Series 2001A General Obligation bonds and to currently refund \$ 109,000 of the Series 2006-1 temporary notes. The reacquisition price exceeded the net carrying amount of the old debt by \$ 268,517. This amount is being netted against the new debt and amortized over the life of the old debt, which is shorter than the life of the new debt. The refunding transactions resulted in an economic gain of \$ 518,377 and a decrease in the future debt service payments of \$ 554,870.

#### Defeased Debt

The City has defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2010, \$ 5,895,000 of the bonds that are considered defeased are outstanding.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

Asset:

Fire truck	\$ 246,422
Less accumulated depreciation	<u>(225,887)</u>
Net book value	<u>\$ 20,535</u>

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2010:

	<u>Governmental Activities</u>
2011	\$ 28,364
2012	28,364
2013	28,364
2014	28,364
2015	28,364
2016 - 2020	<u>28,364</u>
	170,184
Amount representing interest	<u>24,825</u>
	<u>\$ 145,359</u>

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on August 21, 2009. According to the agreement, KDHE will loan an amount not to exceed \$ 3,634,075 to the City for the purpose of replacing over 24,000 feet of deteriorated water line and constructing a new pump station. The interest rate on the loan is 3.75%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. The City was informed by KDHE on February 26, 2010 that principal forgiveness equal to 32% of the total construction contract amount as of February 17, 2010 was granted using American Recovery and Reinvestment Act (ARRA) funds. Once the project is complete and the loan amount is finalized, the repayment schedule will be revised to reflect the amount of principal forgiven. As of December 31, 2010, \$ 2,062,007 of the available loan balance has been drawn down and project costs of \$ 3,192,167 have been incurred for this project.

The City entered into another loan agreement with the Kansas Department of Health and Environment (KDHE) during 2010. According to the agreement, KDHE will loan an amount not to exceed \$ 3,657,035 to the City for the purpose of wastewater force main upgrades. The interest rate on the loan is 3.75%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. Once the project is complete and the loan amount is finalized, the repayment schedule will be finalized. As of December 31, 2010, no draws on the loan have been made and project costs of \$ 1,274,745 have been incurred for this project.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 2,915,000	\$ 110,319	\$ (480,000)	\$ 2,545,319	\$ 522,643
Capital leases:					
Fire truck	165,925	-	(20,566)	145,359	21,532
SCBA equipment	8,057	-	(8,057)	-	-
Compensated absences	565,568	244,711	(214,482)	595,797	186,398
Net other postemployment benefit obligation	58,480	38,228	(9,434)	87,274	-
Governmental activities long-term liabilities	<u>\$ 3,713,030</u>	<u>\$ 393,258</u>	<u>\$ (732,539)</u>	<u>\$ 3,373,749</u>	<u>\$ 730,573</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	\$ 7,125,000	\$ 6,124,681	\$ (6,620,000)	\$ 6,629,681	\$ 587,357
Less deferred amount on refunding	(9,928)	(268,517)	9,928	(268,517)	-
Plus issuance premiums	-	126,675	-	126,675	-
Loans payable	283,649	4,183,263	-	4,466,912	-
Capital leases:					
Street sweeper	18,663	-	(18,663)	-	-
Compensated absences	97,540	92,693	(66,375)	123,858	49,578
Business-type activities long-term liabilities	<u>\$ 7,514,924</u>	<u>\$ 10,258,795</u>	<u>\$ (6,695,110)</u>	<u>\$ 11,078,609</u>	<u>\$ 636,935</u>
<b>Component unit Watershed District:</b>					
Compensated absences	<u>\$ 11,189</u>	<u>\$ 8,498</u>	<u>\$ (17,832)</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>
<b>Component unit Library:</b>					
Compensated absences	<u>\$ -</u>	<u>\$ 18,980</u>	<u>\$ (7,731)</u>	<u>\$ 11,249</u>	<u>\$ 7,731</u>

For the governmental activities, compensated absences and the net OPEB obligation are generally liquidated by the general fund.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Temporary Notes Payable

Temporary note payable activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Temporary Notes	\$ 109,000	\$ -	\$ (109,000)	\$ -

The proceeds from the 2006A issue were expended on watershed improvements.

12 - Interfund Transactions

Interfund transfers for the year ended December 31, 2010 consisted of the following:

Transfers out	Transfers in			
	General fund	Nonmajor governmental funds	Water fund	Wastewater fund
General fund	\$ -	\$ 217,731	\$ -	\$ -
Nonmajor governmental funds	-	132,000	-	155,075
Water fund	290,375	119,181	-	75,000
Wastewater fund	166,825	89,314	812,455	-
Nonmajor enterprise funds	35,000	62,225	-	-
Total	\$ 492,200	\$ 620,451	\$ 812,455	\$ 230,075

Transfers are used to move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them. Nonroutine transfers include transfers to the nonmajor funds from the general fund and nonmajor governmental funds to fund equipment purchases, and transfers to nonmajor governmental funds from nonmajor governmental funds, the wastewater fund, and the general fund to fund capital projects and from the water fund, wastewater fund, and nonmajor enterprise fund to the general fund for administrative services provided.



CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

13 - Fund Balance Reserves

The governmental fund financial statements include reserves that are maintained for specific purposes. The nature and purposes of the significant reserves are:

Reserved for Encumbrances

For monies that have been appropriated, but expenditures have not yet been incurred.

14 - Required Improvements to Sanitary Sewer Collection System

Based upon an administrative order dated January 20, 2004 from the Kansas Department of Health and Environment (KDHE), the City is required to make improvements and replacements to the City's sanitary sewer collection system. Under the terms of the administrative order, a study was performed by an engineer to determine the extent and cost of the repairs. The anticipated cost of the improvements is estimated to be approximately \$ 50,000,000. A second administrative order was issued on September 9, 2009 with updated mandates and new deadlines. The City appealed this administrative order and required a hearing which has been postponed pending consent agreement negotiations which are currently ongoing. If negotiations are successful, the consent agreement should be adopted in 2011.

15 - Subsequent Events

On May 15, 2011, the City issued \$ 1,830,000 of general obligation bonds to finance the purchase of a new fire pumper and construction of certain internal improvements. The interest rate on the bonds ranges from 2.0 – 4.15% and the maturity date is September 1, 2031.

# **Required Supplementary Information**

**Required Supplementary  
Information**

# **2010**

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

SCHEDULE OF FUNDING PROGRESS  
POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Attained Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 200,479	\$ 200,479	0.0%	\$ 4,177,973	4.80%

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes:			
Ad valorem taxes	\$ 2,505,644	\$ 2,531,169	\$ 25,525
Delinquent taxes	11,000	32,228	21,228
Motor vehicle tax	260,000	274,022	14,022
Vehicle excise tax	2,000	569	(1,431)
Payments in lieu of taxes	25,000	51,172	26,172
City sales tax	1,450,000	1,520,429	70,429
Franchise tax	800,000	842,672	42,672
Transient guest tax	124,000	115,218	(8,782)
Recreational vehicle tax	1,800	2,226	426
16-20 M truck vehicle tax	2,000	2,057	57
	<u>5,181,444</u>	<u>5,371,762</u>	<u>190,318</u>
Intergovernmental revenues:			
Special highway	55,800	62,810	7,010
Special liquor	32,854	30,904	(1,950)
	<u>88,654</u>	<u>93,714</u>	<u>5,060</u>
Charges for services	<u>131,130</u>	<u>151,480</u>	<u>20,350</u>
Licenses and permits	<u>53,000</u>	<u>89,050</u>	<u>36,050</u>
Interest on investments	<u>7,500</u>	<u>8,287</u>	<u>787</u>
Fines and fees	<u>\$ 266,508</u>	<u>\$ 243,079</u>	<u>\$ (23,429)</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Miscellaneous:			
Sales of cemetery lots	\$ 3,000	\$ 1,750	\$ (1,250)
Donations	10,000	-	(10,000)
Other	10,940	16,068	5,128
Management fee - Watershed	41,200	42,400	1,200
	<u>65,140</u>	<u>60,218</u>	<u>(4,922)</u>
Total revenues	<u>5,793,376</u>	<u>6,017,590</u>	<u>224,214</u>
Expenditures:			
General government:			
City Manager:			
Personnel services	143,324	146,676	(3,352)
Contractual services	3,487	2,742	745
Materials and supplies	5,263	3,112	2,151
	<u>152,074</u>	<u>152,530</u>	<u>(456)</u>
Human resources:			
Personnel services	60,802	61,118	(316)
Contractual services	16,898	17,163	(265)
Materials and supplies	3,050	2,929	121
	<u>80,750</u>	<u>81,210</u>	<u>(460)</u>
Finance:			
Personnel services	229,525	221,378	8,147
Contractual services	119,798	91,804	27,994
Materials and supplies	5,700	4,494	1,206
	<u>355,023</u>	<u>317,676</u>	<u>37,347</u>
Municipal court:			
Personnel services	76,653	78,421	(1,768)
Contractual services	9,190	13,881	(4,691)
Materials and supplies	416	925	(509)
	<u>\$ 86,259</u>	<u>\$ 93,227</u>	<u>\$ (6,968)</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Building official and buildings and grounds:			
Personnel services	\$ 180,016	\$ 176,752	\$ 3,264
Contractual services	124,374	152,288	(27,914)
Materials and supplies	7,875	5,991	1,884
	<u>312,265</u>	<u>335,031</u>	<u>(22,766)</u>
Downtown mall:			
Personnel services	32,410	25,919	6,491
Contractual services	13,715	21,602	(7,887)
Materials and supplies	8,375	10,034	(1,659)
	<u>54,500</u>	<u>57,555</u>	<u>(3,055)</u>
Tourism:			
Contractual services	<u>231,500</u>	<u>222,812</u>	<u>8,688</u>
Other general government:			
Contractual services	95,855	127,545	(31,690)
Contingency	230,000	19,149	210,851
	<u>325,855</u>	<u>146,694</u>	<u>179,161</u>
Total general government	<u>1,598,226</u>	<u>1,406,735</u>	<u>191,491</u>
Public safety:			
Fire department:			
Personnel services	1,096,587	1,121,191	(24,604)
Contractual services	62,093	65,373	(3,280)
Materials and supplies	23,070	20,724	2,346
	<u>\$ 1,181,750</u>	<u>\$ 1,207,288</u>	<u>\$ (25,538)</u>

(Continued)



CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Police department:			
Personnel services	\$ 1,376,239	\$ 1,359,039	\$ 17,200
Contractual services	36,269	37,973	(1,704)
Materials and supplies	81,000	67,415	13,585
	<u>1,493,508</u>	<u>1,464,427</u>	<u>29,081</u>
Animal control:			
Personnel services	39,765	34,671	5,094
Contractual services	9,630	8,153	1,477
Materials and supplies	2,175	1,883	292
	<u>51,570</u>	<u>44,707</u>	<u>6,863</u>
Total public safety	<u>2,726,828</u>	<u>2,716,422</u>	<u>10,406</u>
Public works:			
Engineering:			
Personnel services	272,726	270,733	1,993
Contractual services	15,723	9,572	6,151
Materials and supplies	1,974	810	1,164
	<u>290,423</u>	<u>281,115</u>	<u>9,308</u>
Street:			
Personnel services	431,670	390,853	40,817
Contractual services	34,511	31,724	2,787
Materials and supplies	123,312	160,084	(36,772)
	<u>589,493</u>	<u>582,661</u>	<u>6,832</u>
Amelia Earhart Airport:			
Contractual services	12,529	32,660	(20,131)
Materials and supplies	42,822	47,673	(4,851)
	<u>\$ 55,351</u>	<u>\$ 80,333</u>	<u>\$ (24,982)</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Fleet maintenance:			
Personnel services	\$ 74,875	\$ 73,831	\$ 1,044
Contractual services	23,200	1,511	21,689
Materials and supplies	68,718	95,732	(27,014)
	<u>166,793</u>	<u>171,074</u>	<u>(4,281)</u>
AHCC:			
Contractual services	<u>50,000</u>	<u>65,111</u>	<u>(15,111)</u>
Total public works	<u>1,152,060</u>	<u>1,180,294</u>	<u>(28,234)</u>
Parks and recreation:			
Parks:			
Personnel services	201,503	227,247	(25,744)
Contractual services	44,379	42,239	2,140
Materials and supplies	54,840	36,633	18,207
	<u>300,722</u>	<u>306,119</u>	<u>(5,397)</u>
Municipal pool:			
Personnel services	43,229	42,256	973
Contractual services	78,816	8,291	70,525
Materials and supplies	23,039	28,360	(5,321)
	<u>145,084</u>	<u>78,907</u>	<u>66,177</u>
Oak Hill Cemetery:			
Personnel services	16,533	5,446	11,087
Contractual services	5,047	4,050	997
Materials and supplies	345	116	229
	<u>\$ 21,925</u>	<u>\$ 9,612</u>	<u>\$ 12,313</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Riverfront Park:			
Personnel services	\$ 40,631	\$ 27,054	\$ 13,577
Contractual services	1,603	20,702	(19,099)
Materials and supplies	7,766	7,549	217
	<u>50,000</u>	<u>55,305</u>	<u>(5,305)</u>
Total parks and recreation	<u>517,731</u>	<u>449,943</u>	<u>67,788</u>
Economic development:			
Contractual services	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total expenditures	<u>6,069,845</u>	<u>5,828,394</u>	<u>241,451</u>
Excess of revenues over (under) expenditures	<u>(276,469)</u>	<u>189,196</u>	<u>465,665</u>
Other financing sources (uses):			
Sale of capital assets	2,000	27,526	25,526
Transfers in	492,200	492,200	-
Transfers out	<u>(217,731)</u>	<u>(217,731)</u>	<u>-</u>
Total other financing sources (uses)	<u>276,469</u>	<u>301,995</u>	<u>25,526</u>
Net change in fund balances	-	491,191	491,191
Fund balances, beginning	<u>-</u>	<u>525,684</u>	<u>525,684</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 1,016,875</u>	<u>\$ 1,016,875</u>

CITY OF ATCHISON, KANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

2 - Reconciliation

Explanation of differences between budget and GAAP net change in fund balances:

Net change in fund balance - budget	\$ 491,191
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Encumbrances for equipment and supplies ordered but not yet received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes:

2010 encumbrances	40,896
2009 encumbrances	(54,484)
	<hr/>

Net change in fund balance - GAAP	<hr/> <hr/> \$ 477,603
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**Other  
Supplementary  
Information**

**2010**

## OTHER SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Façade Improvements - to account for a revolving loan fund to assist business owners with capital improvements to privately owned buildings in downtown Atchison.

Municipal Equipment Reserve - to account for capital outlay purchases.

Special Alcohol - to account for revenues and expenditures for the prevention of drug and alcohol abuse.

Special Parks and Recreation - to account for revenues and expenditures for the upkeep and upgrade of existing parks and recreation facilities.

Motor Fuel - to account for the City's highway aid payments distributed from the State.

Law Enforcement - to account for seized monies to be used for the benefit of the Special Response Team (SRT) Unit.

DARE - to account for funds donated that will be used specifically for DARE activities in the Police Department.

Grants - to account for grant proceeds received from various funding sources.

Insurance Reserve - to account for the payment of deductibles on insurance claims.

Debt Service Fund

Debt Service Fund - to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund

Capital Projects Fund – to account for the acquisition and construction of major facilities other than those financed by the enterprise funds.



CITY OF ATCHISON, KANSAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Revenue				
	<u>Façade Improvements</u>	<u>Municipal Equipment Reserve</u>	<u>Special Alcohol</u>	<u>Special Parks and Recreation</u>	<u>Motor Fuel</u>
Assets:					
Cash and cash equivalents	\$ 129,092	\$ 318,877	\$ 5,813	\$ 15,628	\$ 20,370
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Due from component unit	-	-	-	-	-
Total assets	<u>\$ 129,092</u>	<u>\$ 318,877</u>	<u>\$ 5,813</u>	<u>\$ 15,628</u>	<u>\$ 20,370</u>
Liabilities:					
Accounts payable	\$ 7	\$ 3,529	\$ 328	\$ -	\$ 113
Deferred revenue	-	-	-	-	-
Total liabilities	<u>7</u>	<u>3,529</u>	<u>328</u>	<u>-</u>	<u>113</u>
Fund balances:					
Reserved for encumbrances	129,085	232,849	-	-	2,164
Unreserved, undesignated	-	82,499	5,485	15,628	18,093
Total fund balances	<u>129,085</u>	<u>315,348</u>	<u>5,485</u>	<u>15,628</u>	<u>20,257</u>
Total liabilities and fund balances	<u>\$ 129,092</u>	<u>\$ 318,877</u>	<u>\$ 5,813</u>	<u>\$ 15,628</u>	<u>\$ 20,370</u>

Special Revenue				Total Special Revenue Funds	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Law Enforcement	DARE	Grants	Insurance Reserve				
\$ 15,406	\$ 7,714	\$ 32,467	\$ 42,538	\$ 587,905	\$ 172,822	\$ 348,855	\$ 1,109,582
-	-	-	-	-	502,634	-	502,634
-	-	-	-	-	57,100	-	57,100
-	-	-	-	-	60,000	-	60,000
-	-	9,122	-	9,122	-	66,234	75,356
-	-	-	-	-	-	110,319	110,319
<u>\$ 15,406</u>	<u>\$ 7,714</u>	<u>\$ 41,589</u>	<u>\$ 42,538</u>	<u>\$ 597,027</u>	<u>\$ 792,556</u>	<u>\$ 525,408</u>	<u>\$ 1,914,991</u>
\$ -	\$ -	\$ 40	\$ 2,402	\$ 6,419	\$ -	\$ 4,093	\$ 10,512
-	-	-	-	-	562,634	-	562,634
-	-	40	2,402	6,419	562,634	4,093	573,146
-	-	-	-	364,098	-	70,035	434,133
15,406	7,714	41,549	40,136	226,510	229,922	451,280	907,712
15,406	7,714	41,549	40,136	590,608	229,922	521,315	1,341,845
<u>\$ 15,406</u>	<u>\$ 7,714</u>	<u>\$ 41,589</u>	<u>\$ 42,538</u>	<u>\$ 597,027</u>	<u>\$ 792,556</u>	<u>\$ 525,408</u>	<u>\$ 1,914,991</u>

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2010

	Special Revenue				
	Façade Improvements	Municipal Equipment Reserve	Special Alcohol	Special Parks and Recreation	Motor Fuel
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	30,904	30,904	279,779
Special assessments	-	-	-	-	-
Interest on investments	673	1,787	-	56	119
Other	-	-	-	-	-
Total revenues	673	1,787	30,904	30,960	279,898
Expenditures:					
Current:					
General government	246,496	-	31,314	-	147,582
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	12,292	-
Capital outlay	-	171,110	-	-	-
Debt service:					
Principal	-	28,623	-	-	-
Interest and fiscal charges	-	8,202	-	-	-
Total expenditures	246,496	207,935	31,314	12,292	147,582
Excess of revenues over (under) expenditures	(245,823)	(206,148)	(410)	18,668	132,316
Other financing sources (uses):					
Sale of capital assets	-	23,227	-	-	-
General obligation bonds issued	-	-	-	-	-
Transfers in	-	367,720	-	-	-
Transfers out	-	-	-	(14,000)	(118,000)
Total other financing sources (uses)	-	390,947	-	(14,000)	(118,000)
Net change in fund balances	(245,823)	184,799	(410)	4,668	14,316
Fund balances, beginning of year	374,908	130,549	5,895	10,960	5,941
Fund balances, ending	\$ 129,085	\$ 315,348	\$ 5,485	\$ 15,628	\$ 20,257

Special Revenue				Total Special Revenue Funds	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Law Enforcement	DARE	Grants	Insurance Reserve				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 564,419	\$ -	\$ 564,419
-	-	31,319	-	372,906	-	194,560	567,466
-	-	-	-	-	32,707	-	32,707
81	47	179	240	3,182	2,290	2,487	7,959
11,245	6,106	1,252	6,087	24,690	60,350	18,247	103,287
11,326	6,153	32,750	6,327	400,778	659,766	215,294	1,275,838
-	-	17,642	8,169	451,203	-	-	451,203
6,266	6,776	4,996	-	18,038	-	-	18,038
-	-	-	-	12,292	-	-	12,292
-	-	-	-	171,110	-	309,667	480,777
-	-	-	-	28,623	480,000	-	508,623
-	-	-	-	8,202	109,298	-	117,500
6,266	6,776	22,638	8,169	689,468	589,298	309,667	1,588,433
5,060	(623)	10,112	(1,842)	(288,690)	70,468	(94,373)	(312,595)
-	-	-	-	23,227	-	-	23,227
-	-	-	-	-	-	110,319	110,319
-	-	-	10,000	377,720	-	242,731	620,451
-	-	-	-	(132,000)	-	(155,075)	(287,075)
-	-	-	10,000	268,947	-	197,975	466,922
5,060	(623)	10,112	8,158	(19,743)	70,468	103,602	154,327
10,346	8,337	31,437	31,978	610,351	159,454	417,713	1,187,518
\$ 15,406	\$ 7,714	\$ 41,549	\$ 40,136	\$ 590,608	\$ 229,922	\$ 521,315	\$ 1,341,845

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

SPECIAL ALCOHOL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 32,854	\$ 30,904	\$ (1,950)
Expenditures:			
Contractual services	31,200	30,857	343
Net change in fund balance	1,654	47	(1,607)
Fund balance, beginning	4,935	5,438	503
Fund balance, ending	<u>\$ 6,589</u>	<u>\$ 5,485</u>	<u>\$ (1,104)</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 32,854	\$ 30,904	\$ (1,950)
Interest on investments	25	56	31
Total revenues	32,879	30,960	(1,919)
Expenditures:			
Contractual services	19,500	12,292	7,208
Excess of revenues over expenditures	13,379	18,668	5,289
Other financing uses:			
Transfers out	(14,000)	(14,000)	-
Net change in fund balance	(621)	4,668	5,289
Fund balances, beginning	4,632	10,960	6,328
Fund balances, ending	\$ 4,011	\$ 15,628	\$ 11,617

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

MOTOR FUEL FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 292,200	\$ 279,779	\$ (12,421)
Interest on investments	700	119	(581)
Total revenues	<u>292,900</u>	<u>279,898</u>	<u>(13,002)</u>
Expenditures:			
Contractual services	<u>144,000</u>	<u>147,582</u>	<u>(3,582)</u>
Excess of revenues over (under) expenditures	148,900	132,316	(16,584)
Other financing uses:			
Transfers out	<u>(153,000)</u>	<u>(118,000)</u>	<u>35,000</u>
Net change in fund balance	(4,100)	14,316	18,416
Fund balance, beginning	<u>8,229</u>	<u>3,777</u>	<u>(4,452)</u>
Fund balance, ending	<u>\$ 4,129</u>	18,093	<u>\$ 13,964</u>
Explanation of differences between budgetary and GAAP fund balances:			
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		<u>2,164</u>	
GAAP fund balance, end of year		<u>\$ 20,257</u>	



CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

DEBT SERVICE FUND

Year Ended December 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Ad valorem tax	\$ 509,328	\$ 506,349	\$ (2,979)
Recreational vehicle tax	437	464	27
16-20M vehicle tax	498	475	(23)
Motor vehicle tax	63,727	57,005	(6,722)
Vehicle excise tax	541	126	(415)
	574,531	564,419	(10,112)
Special assessments	28,460	32,707	4,247
Interest on investments	3,000	2,290	(710)
Miscellaneous	60,350	60,350	-
Total revenues	666,341	659,766	(6,575)
Expenditures:			
Principal	485,000	480,000	5,000
Interest	109,298	109,298	-
Temporary Note-Conference Center	18,000	-	18,000
Operating reserve	65,000	-	65,000
Total expenditures	677,298	589,298	88,000
Net change in fund balance	(10,957)	70,468	81,425
Fund balance, beginning	42,181	159,454	117,273
Fund balance, ending	\$ 31,224	\$ 229,922	\$ 198,698

CITY OF ATCHISON, KANSAS

AGENCY FUNDS

Fire Insurance Proceeds – accounts for insurance proceeds held on behalf of homeowners until their property is repaired.

Amelia Earhart Festival – accounts for activities for the weeklong celebration of the life of Amelia Earhart. Events include live entertainment, food, arts & crafts, fireworks and award celebration.

Santa Fe Depot Enhancement – accounts for capital improvements to the historic Santa Fe depot building.

Veteran's Memorial Park – accounts for funds contributed to maintain the veterans pavilion within the riverfront park.

Jackson Park Revitalization – accounts for funds contributed to make improvements to Jackson Park.

International Forest of Friendship – accounts for funds raised to commemorate aviation notables at the International Forest of Friendship.

CITY OF ATCHISON, KANSAS

COMBINING BALANCE SHEET

ALL AGENCY FUNDS

December 31, 2010

	Fire Insurance Proceeds	Amelia Earhart Festival	Santa Fe Depot Enhancement	Veteran's Memorial Park	Jackson Park Revitalization	International Forest of Friendship	Totals
	\$ 13,350	\$ 724	\$ 40,399	\$ 10	\$ 11,067	\$ 205,944	\$ 271,494
	\$ 13,350	\$ 724	\$ 40,399	\$ 10	\$ 11,067	\$ 205,944	\$ 271,494

Assets:

Cash and cash equivalents

Liabilities:

Due to others

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<u>Fire Insurance Proceeds</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 13,350	\$ -	\$ 13,350
Liabilities:				
Due to others	\$ -	\$ 13,350	\$ -	\$ 13,350
<u>Amelia Earhart Festival</u>				
Assets:				
Cash and cash equivalents	\$ 6,287	\$ 323,612	\$ 329,175	\$ 724
Liabilities:				
Due to others	\$ 6,287	\$ 323,612	\$ 329,175	\$ 724
<u>Santa Fe Depot Enhancement</u>				
Assets:				
Cash and cash equivalents	\$ 41,444	\$ 22,143	\$ 23,188	\$ 40,399
Liabilities:				
Due to others	\$ 41,444	\$ 22,143	\$ 23,188	\$ 40,399
<u>Veteran's Memorial Park</u>				
Assets:				
Cash and cash equivalents	\$ 10	\$ -	\$ -	\$ 10
Liabilities:				
Due to others	\$ 10	\$ -	\$ -	\$ 10

(Continued)

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

(Continued)

Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<u>Jackson Park Revitalization</u>				
Assets:				
Cash and cash equivalents	\$ 11,461	\$ 73	\$ 467	\$ 11,067
Liabilities:				
Due to others	\$ 11,461	\$ 73	\$ 467	\$ 11,067
<u>International Forest of Friendship</u>				
Assets:				
Cash and cash equivalents	\$ 211,328	\$ 3,397	\$ 8,781	\$ 205,944
Liabilities:				
Due to others	\$ 211,328	\$ 3,397	\$ 8,781	\$ 205,944
<u>Total</u>				
Assets:				
Cash and cash equivalents	\$ 270,530	\$ 362,575	\$ 361,611	\$ 271,494
Liabilities:				
Due to others	\$ 270,530	\$ 362,575	\$ 361,611	\$ 271,494

CITY OF ATCHISON, KANSAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT

PUBLIC LIBRARY

December 31, 2010

Assets:

Cash	\$ 400,289
Investments	119,637
Taxes receivable	<u>410,483</u>
Total assets	<u><u>\$ 930,409</u></u>

Liabilities and fund balances:

Liabilities:

Accounts payable	\$ 2,500
Accrued payroll	7,678
Deferred revenue	<u>410,483</u>
Total liabilities	420,661

Fund balances:

Unreserved	<u>509,748</u>
Total liabilities and fund balances	<u><u>\$ 930,409</u></u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT

PUBLIC LIBRARY

Year Ended December 31, 2010

Revenues:

Taxes	\$ 458,920
Charges for services	15,888
Grants and contributions	48,589
Investment earnings	<u>3,949</u>

Total revenues	527,346
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Expenditures:

Current:

Education	<u>500,233</u>
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Excess of revenues over expenditures	27,113
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Fund balances, beginning	<u>482,635</u>
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Fund balances, ending	<u><u>\$ 509,748</u></u>
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CITY OF ATCHISON, KANSAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT

WATERSHED DISTRICT

December 31, 2010

Assets:

Cash	\$ 88,867
Taxes receivable	<u>185,116</u>
Total assets	<u><u>\$ 273,983</u></u>

Liabilities and fund balances:

Liabilities:

Accounts payable	\$ 8,045
Accrued payroll	955
Deferred revenue	185,116
Due to primary government	<u>110,319</u>
Total liabilities	304,435

Fund balances:

Unreserved	<u>(30,452)</u>
Total liabilities and fund balances	<u><u>\$ 273,983</u></u>



CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT

WATERSHED DISTRICT

Year Ended December 31, 2010

Revenues:

Taxes	\$ 204,668
Grants	8,748
Investment earnings	<u>1,066</u>
Total revenues	<u>214,482</u>

Expenditures:

Current:

Watershed maintenance	186,561
Capital outlay	<u>44,999</u>

Total expenditures	<u>231,560</u>
--------------------	----------------

Deficiency of revenues under expenditures	(17,078)
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Fund balances, beginning	<u>(13,374)</u>
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Fund balances, ending	<u><u>\$ (30,452)</u></u>
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# **Statistical Section**

# **2010**

## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	84
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, water/wastewater charges for services, as well as its property tax.	89
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	98
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	103

# CITY OF ATCHISON, KANSAS

## NET ASSETS BY COMPONENT

### LAST EIGHT FISCAL YEARS (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 2,713,460	\$ 5,439,583	\$ 6,413,085	\$ 7,368,011	\$ 10,131,595	\$ 11,639,769	\$ 12,292,827	\$ 12,347,223
Restricted	-	-	973,654	1,023,212	1,040,333	1,029,611	729,855	1,330,900
Unrestricted	1,043,752	777,053	140,406	52,536	(88,487)	6,050	422,843	327,526
Total Governmental activities net assets	\$ 3,757,212	\$ 6,216,636	\$ 7,527,145	\$ 8,443,759	\$ 11,083,441	\$ 12,675,430	\$ 13,445,525	\$ 14,005,649
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 4,186,779	\$ 5,311,969	\$ 5,486,214	\$ 6,174,342	\$ 6,438,835	\$ 7,722,440	\$ 9,115,253	\$ 8,908,653
Restricted	600,790	-	-	-	-	-	-	-
Unrestricted	994,133	1,193,615	2,052,158	2,344,098	2,844,053	1,892,254	2,264,559	4,262,522
Total business-type activities net assets	\$ 5,781,702	\$ 6,505,584	\$ 7,538,372	\$ 8,518,440	\$ 9,282,888	\$ 9,614,694	\$ 11,379,812	\$ 13,171,175
<b>Primary Government</b>								
Invested in capital assets, net of related debt	\$ 6,900,239	\$ 10,751,552	\$ 11,899,299	\$ 13,542,353	\$ 16,570,430	\$ 19,362,209	\$ 21,408,080	\$ 21,255,876
Restricted	600,790	-	973,654	1,023,212	817,388	788,231	729,855	1,330,900
Unrestricted	2,037,885	1,970,668	2,192,564	2,396,634	2,978,511	2,139,684	2,687,402	4,590,048
Total primary government net assets	\$ 9,538,914	\$ 12,722,220	\$ 15,065,517	\$ 16,962,199	\$ 20,366,329	\$ 22,290,124	\$ 24,825,337	\$ 27,176,824

Information presented for all years since the city implemented GASB 34. Watershed District #26 is presented as a component unit beginning in 2006. The Watershed is included in governmental activities in the prior years.

# CITY OF ATCHISON, KANSAS

## CHANGES IN NET ASSETS

### LAST EIGHT FISCAL YEARS (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental Activities:								
General Government	\$ 1,604,557	\$ 1,702,564	\$ 1,880,963	\$ 1,841,155	\$ 1,940,473	\$ 2,339,490	\$ 2,477,457	\$ 2,357,540
Public Safety	2,586,331	2,674,013	2,706,364	2,893,060	2,901,310	2,909,320	2,841,896	2,880,226
Public Works	1,373,730	1,636,565	1,364,888	1,051,183	1,250,995	1,335,063	1,388,693	1,469,786
Parks and Recreation	493,554	386,230	378,189	407,859	450,200	489,521	426,369	492,756
Economic Development	207,438	67,500	67,500	72,500	75,000	21,637	75,000	75,000
Interest on long-term debt	201,452	166,994	142,142	127,180	174,988	187,803	137,338	111,877
Total governmental activities expenses	6,467,062	6,633,866	6,540,046	6,392,937	6,792,966	7,282,834	7,346,753	7,387,185
Business-type activities:								
Water/Wastewater**	4,266,464	4,068,745	3,870,015	3,567,725	3,879,281	4,318,423	2,225,755	2,407,449
Wastewater	-	-	-	-	-	-	1,466,583	1,490,589
Refuse	318,321	312,636	309,234	320,476	355,787	388,867	363,721	372,578
Total business-type activities	4,584,785	4,381,381	4,179,249	3,888,201	4,235,068	4,707,290	4,056,059	4,270,616
Total primary government expenses	\$ 11,051,847	\$ 11,015,247	\$ 10,719,295	\$ 10,281,138	\$ 11,028,034	\$ 11,990,124	\$ 11,402,812	\$ 11,657,801
<b>Program Revenues</b>								
Governmental Activities:								
Charges for services:								
General Government	\$ 309,348	\$ 287,763	\$ 270,178	\$ 303,272	\$ 331,688	\$ 580,596	\$ 344,165	\$ 502,699
Public Safety	47,425	33,687	53,270	66,545	45,335	39,316	38,030	83,335
Public Works	73,391	33,670	33,700	32,000	32,000	33,040	81,015	142,574
Parks and Recreation	29,352	24,905	-	-	-	-	19,090	-
Economic Development	139	155	109	232	49	21	22	-
Operating grants and contributions	781,233	600,616	895,801	559,061	457,008	939,358	476,438	406,070
Capital grants and contributions	1,320,148	2,348,082	387,167	540,945	2,742,733	1,289,186	753,526	268,115
Total governmental activities programs revenues	2,561,036	3,328,878	1,640,225	1,502,055	3,608,813	2,881,517	1,712,286	1,402,793
Business-type activities:								
Charges for services:								
Water/Wastewater**	4,063,217	4,551,541	4,261,046	3,924,973	4,022,503	4,043,258	2,733,628	3,621,075
Wastewater	-	-	-	-	-	-	1,302,014	1,576,158
Refuse	328,006	372,319	374,223	379,024	382,758	393,240	433,934	461,034
Operating grants and contributions	-	-	-	-	-	17,017	-	-
Capital grants and contributions	40,000	-	-	-	-	273,054	688,610	39,071
Total business-type activities program revenues	4,431,223	4,923,860	4,635,269	4,303,997	4,405,261	4,726,569	5,158,186	5,697,338
Total primary government program revenues	6,992,259	8,252,738	6,275,494	5,806,052	8,014,074	7,608,086	6,870,472	7,100,131
<b>Net (Expense)/Revenue</b>								
Governmental activities	(3,906,026)	(3,304,988)	(4,899,821)	(4,890,882)	(3,184,153)	(4,401,317)	(5,634,467)	(5,984,392)
Business-type activities	(153,562)	542,479	456,020	415,796	170,193	19,279	1,102,127	1,426,722
Total primary government net expense	\$ (4,059,588)	\$ (2,762,509)	\$ (4,443,801)	\$ (4,475,086)	\$ (3,013,960)	\$ (4,382,038)	\$ (4,532,340)	\$ (4,557,670)

# CITY OF ATCHISON, KANSAS

## CHANGES IN NET ASSETS

### LAST EIGHT FISCAL YEARS (accrual basis of accounting) (Continued)

	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 3,008,415	\$ 3,085,037	\$ 3,087,410	\$ 2,810,920	\$ 2,724,260	\$ 2,730,417	\$ 3,423,769	\$ 3,406,690
Sales taxes	1,275,172	1,889,117	1,537,858	1,571,561	1,583,031	1,589,234	1,524,783	1,520,429
Franchise Taxes	572,126	630,666	843,255	820,181	794,595	850,200	787,184	842,672
Guest taxes	42,747	47,974	69,139	80,760	85,169	92,350	91,803	115,218
Payments in lieu of taxes	8,855	8,254	8,091	25,842	26,641	27,842	-	51,172
Unrestricted investment earnings	22,565	36,065	70,986	89,807	151,462	39,002	11,948	16,246
Gain on disposal of asset	-	4,429	40,174	36,708	14,620	-	-	3,169
Transfers	1,070,606	143,086	552,724	481,970	444,057	664,261	565,075	588,920
Total governmental activities	6,000,486	5,844,628	6,209,637	5,917,749	5,823,835	5,993,306	6,404,562	6,544,516
Business-type activities:								
Sales taxes	-	-	924,453	947,023	920,121	927,154	945,042	937,296
Unrestricted investment earnings	34,045	13,627	41,178	67,086	118,191	44,339	10,159	16,265
Gain on disposal of asset	-	-	-	32,133	-	5,295	-	-
Transfers	(1,070,606)	(143,086)	(552,724)	(481,970)	(444,057)	(664,261)	(565,075)	(588,920)
Total business-type activities	(1,036,561)	(129,459)	412,907	564,272	594,255	312,527	390,126	364,641
Total primary government	\$ 4,963,925	\$ 5,715,169	\$ 6,622,544	\$ 6,482,021	\$ 6,418,090	\$ 6,305,833	\$ 6,794,688	\$ 6,909,157
<b>Change in Net Assets</b>								
Governmental activities	\$ 2,094,460	\$ 2,539,640	\$ 1,309,816	\$ 1,026,867	\$ 2,639,682	\$ 1,591,989	\$ 770,095	\$ 560,124
Business-type activities	(1,190,123)	413,020	868,927	980,068	764,448	331,806	1,492,253	1,791,363
Total primary government	\$ 904,337	\$ 2,952,660	\$ 2,178,743	\$ 2,006,935	\$ 3,404,130	\$ 1,923,795	\$ 2,262,348	\$ 2,351,487

Information presented for all years since the city implemented GASB 34.

Watershed District #26 is presented as a component unit beginning in 2006. The Watershed is included in governmental activities in the prior years.

\*\*Water and Wastewater funds combined thru 2008, shown separately in 2009.

CITY OF ATCHISON, KANSAS  
FUND BALANCES, GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 56,480	\$ 11,305	\$ 40,608	\$ 14,471	\$ 68,008	\$ 16,859	\$ 54,484	\$ 40,896
Unreserved	699,710	698,523	625,489	499,418	245,602	403,852	525,684	1,016,875
Total general fund	<u>\$ 756,190</u>	<u>\$ 709,828</u>	<u>\$ 666,097</u>	<u>\$ 513,889</u>	<u>\$ 313,610</u>	<u>\$ 420,711</u>	<u>\$ 580,168</u>	<u>\$ 1,057,771</u>
All Other Governmental Funds								
Reserved for:								
Encumbrances	\$ 101,287	\$ 126,513	\$ 460,212	\$ 499,503	\$ 1,687,814	\$ 3,454	\$ 5,214	\$ 434,133
Revolving loan program	351,588	353,074	355,831	363,414	372,831	374,519	374,908	-
Unreserved reported in:								
Debt service	92,426	123,846	248,738	255,842	404,553	244,629	159,454	229,922
Special revenue funds	349,102	74,397	284,476	295,535	200,170	423,376	232,822	226,510
Capital project funds	112,174	56,365	(242,016)	(400,195)	(1,238,190)	208,048	415,120	451,280
Total all other governmental funds	<u>\$ 1,006,577</u>	<u>\$ 734,195</u>	<u>\$ 1,107,241</u>	<u>\$ 1,014,099</u>	<u>\$ 1,427,178</u>	<u>\$ 1,254,026</u>	<u>\$ 1,187,518</u>	<u>\$ 1,341,845</u>

Information presented for all years since the city implemented GASB 34.  
Watershed District #26 is presented as a component unit beginning in 2006. The Watershed is included in governmental funds in the prior years.

CITY OF ATCHISON, KANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
Taxes:								
Property	\$ 3,008,415	\$ 3,085,039	\$ 3,087,410	\$ 2,810,920	\$ 2,724,260	\$ 2,730,417	\$ 3,423,769	\$ 3,406,690
Sales	1,275,172	1,889,117	1,537,858	1,571,561	1,583,031	1,589,234	1,524,783	1,520,429
Franchise	572,126	630,666	843,255	820,181	794,595	850,200	787,184	842,672
Guest	42,747	47,974	69,139	80,760	85,169	92,350	91,803	115,218
Payments in lieu of taxes	8,855	8,254	8,091	25,842	26,641	27,842	-	51,172
Intergovernmental	1,394,034	2,454,157	939,724	897,014	1,856,197	1,919,213	1,078,482	661,180
Licenses and permits	64,121	37,118	32,916	29,151	44,798	204,802	84,724	89,050
Charges for services	99,118	93,890	65,987	83,030	56,326	54,704	104,847	151,480
Fines and fees	123,955	118,899	131,661	118,899	114,738	157,196	164,096	243,079
Special assessments	45,688	44,342	43,891	39,189	31,155	30,343	29,410	32,707
Interest on investments	22,565	36,065	70,986	89,807	151,462	39,002	11,948	16,246
Other	835,589	595,744	430,359	343,239	293,856	368,143	140,914	163,505
<b>Total Revenues</b>	<b>7,492,385</b>	<b>9,041,265</b>	<b>7,261,277</b>	<b>6,909,593</b>	<b>7,762,228</b>	<b>8,063,446</b>	<b>7,441,960</b>	<b>7,293,428</b>
<b>Expenditures</b>								
General government	1,345,165	1,441,489	1,615,360	1,451,294	1,599,794	1,830,484	1,905,569	1,855,886
Public works	1,043,945	1,106,618	1,101,456	911,653	1,003,387	1,101,121	1,090,137	1,191,008
Public safety	2,419,490	2,551,550	2,556,257	2,775,108	2,706,958	2,742,071	2,707,129	2,736,583
Parks and recreation	416,702	357,581	338,995	384,879	394,867	464,833	399,842	465,038
Economic development	67,500	67,500	67,500	72,500	75,000	21,637	75,000	75,000
Debt Service								
Principal	685,180	701,023	638,128	676,769	580,112	625,260	679,987	508,623
Interest	219,700	172,566	153,132	128,962	149,631	207,381	146,095	117,500
Capital outlay	2,179,761	3,761,263	1,124,832	2,254,542	3,436,283	2,725,395	937,966	480,777
<b>Total Expenditures</b>	<b>8,377,443</b>	<b>10,159,590</b>	<b>7,595,660</b>	<b>8,655,707</b>	<b>9,946,032</b>	<b>9,718,182</b>	<b>7,941,725</b>	<b>7,430,415</b>
Excess of revenues over/(under) expenditures	(885,058)	(1,118,325)	(334,383)	(1,746,114)	(2,183,804)	(1,654,736)	(499,765)	(136,987)
<b>Other Financing Sources (Uses)</b>								
Payment to refund temporary notes	-	-	-	-	(536,000)	-	-	-
Proceeds of general obligation bonds	-	500,000	-	-	2,300,000	-	-	110,319
Sale of capital assets	-	-	132,665	50,116	31,202	44,961	27,639	50,753
Insurance Proceeds	-	-	-	-	-	218,574	-	-
Capital leases	-	-	-	365,347	-	-	-	-
Temporary notes issued	-	-	-	536,000	-	-	-	-
Transfers in	1,760,980	1,111,851	1,313,637	1,274,748	1,361,416	2,030,108	1,121,567	1,112,651
Transfers out	(564,315)	(812,270)	(703,410)	(637,848)	(760,014)	(704,958)	(556,492)	(504,806)
<b>Total other financing sources (uses)</b>	<b>1,196,665</b>	<b>799,581</b>	<b>742,892</b>	<b>1,588,363</b>	<b>2,396,604</b>	<b>1,588,685</b>	<b>592,714</b>	<b>768,917</b>
<b>Net change in fund balances</b>	<b>\$ 311,607</b>	<b>\$ (318,744)</b>	<b>\$ 408,509</b>	<b>\$ (157,751)</b>	<b>\$ 212,800</b>	<b>\$ (66,051)</b>	<b>\$ 92,949</b>	<b>\$ 631,930</b>
Debt service as a percentage of noncapital expenditures	14.6%	13.7%	12.2%	12.6%	11.2%	11.9%	11.8%	9.0%

Information presented for all years since the city implemented GASB 34.

Watershed District #26 is presented as a component unit beginning in 2006. The Watershed is included in governmental funds in the prior years.



CITY OF ATCHISON, KANSAS  
WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS  
(thousands of gallons)

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled		Average Percent Unbilled	Base Rate
			Metered Provided For Free	Unaccounted For Water		
2001	1,368,560	1,223,217	23,698	121,645	10.62%	17.00
2002	1,188,914	1,076,355	28,016	84,543	9.47%	17.00
2003	1,568,669	1,097,661	96,694	374,314	30.03%	17.00
2004	1,482,917	1,129,066	28,849	325,002	23.86%	17.00
2005	1,440,239	1,070,340	43,558	326,341	25.68%	17.00
2006	1,429,907	1,023,465	58,201	348,241	28.42%	17.00
2007	1,571,009	988,500	124,713	457,796	37.08%	17.00
2008	1,545,869	1,163,432	118,769	263,668	24.74%	17.00
2009	1,491,859	959,947	69,043	462,869	35.65%	18.70
2010	1,599,504	1,094,120	60,243	445,141	31.60%	23.38

Source: City of Atchison Water Use reports

Base rate shown is for a 5/8" meter. See the Water Rate Schedule for other meter sizes and usage charges.

CITY OF ATCHISON, KANSAS

ANNUAL TAP SALES

LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Water Meter Taps Sold</b>
2001	1
2002	0
2003	4
2004	10
2005	33
2006	36
2007	18
2008	12
2009	16
2010	18

Source: City of Atchison Water Utility

CITY OF ATCHISON, KANSAS  
NUMBER OF WATER CUSTOMERS BY TYPE  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Water Customers</b>				<b>Total</b>
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Rural Water Districts</b>	
2001	3,898	467	45	7	4,417
2002	3,732	403	45	7	4,187
2003	3,732	403	45	7	4,187
2004	3,759	404	45	7	4,215
2005	3,789	404	41	7	4,241
2006	3,718	428	41	7	4,194
2007	3,750	401	41	7	4,199
2008	3,776	401	41	7	4,225
2009	3,716	439	37	7	4,199
2010	3,716	470	4	7	4,197

Source: City of Atchison Water Use reports

# CITY OF ATCHISON, KANSAS

## WATER RATES

### LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Minimum Monthly Rates- All account types</b>										
5/8 inch meter	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 18.70	\$ 23.38
3/4 inch meter	27.50	27.50	27.50	27.50	27.50	27.50	27.50	27.50	30.25	37.81
1 inch meter	45.50	45.50	45.50	45.50	45.50	45.50	45.50	45.50	50.05	62.56
1.5 inch meter	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	93.50	116.88
2 inch meter	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	126.50	158.13
3 inch meter	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00	247.50	309.38
4 inch meter	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	412.50	515.63
6 inch meter	495.00	495.00	495.00	495.00	495.00	495.00	495.00	495.00	544.50	680.63
8 inch meter	575.00	575.00	575.00	575.00	575.00	575.00	575.00	575.00	632.50	790.63
<b>Additional Monthly Charges- Residential</b>										
0-1,997 gallons consumed (per 1,000 gallons)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,998-4,989	2,957	2,957	2,957	2,957	2,957	2,957	2,957	2,957	3,254	4,067
4,990-9,971	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	3,154	3,943
9,972-49,860	2,727	2,727	2,727	2,727	2,727	2,727	2,727	2,727	3,000	3,750
49,861-99,731	2,546	2,546	2,546	2,546	2,546	2,546	2,546	2,546	2,801	3,502
99,732-199,469	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,581	3,226
<b>Additional Monthly Charges Rates- Industrial</b>										
0-49,869 gallons consumed (per 1,000 gallons)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,768	\$ 3,461
49,870-99,731	2,436	2,436	2,436	2,436	2,436	2,436	2,436	2,436	2,680	3,350
99,732-149,600	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,371	2,964
149,601-199,469	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	2,173	2,716
199,470-997,331	1,624	1,624	1,624	1,624	1,624	1,624	1,624	1,624	1,787	2,233
997,332-4,986,669	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,456	1,820
4,986,670-9,973,331	0,601	0,601	0,601	0,601	0,601	0,601	0,601	0,601	0,662	0,827
9,973,331 and above	0,511	0,511	0,511	0,511	0,511	0,511	0,511	0,511	0,563	0,703

Source: City of Atchison Water Utility

Rate structure changed in the year 2000. Rates presented for 2000 and later are for customers within the city limits. Customers outside the city limits are charged higher rates. A 10% rate increase was effective with the June 2009 billing period. A 25% rate increase was effective with the January 2010 billing period.

CITY OF ATCHISON, KANSAS  
 PRINCIPAL WATER PURCHASERS  
 CURRENT YEAR AND TEN YEARS AGO

Water Purchaser	2010			2001		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
MGP Ingredients	554,855,337	1	49.84%	644,050,945	1	43.43%
Rural Water District #5	135,493,070	2	12.17%	133,800,100	2	9.02%
Bradken/Atchison Casting	46,298,754	3	4.16%	23,910,000	4	1.61%
Rural Water District #6	23,919,918	4	2.15%	38,254,425	3	2.58%
Benedictine College	19,624,132	54	1.76%	20,174,477	5	1.36%
Rural Water District #1	10,617,860	6	0.95%			
Bunge (Con Agra in 2000)	10,221,300	7	0.92%	18,835,140	6	1.27%
Mount St. Scholastica	8,352,542	8	0.75%	12,038,333	8	0.81%
Atchison Hospital	5,918,340	9	0.53%	6,294,075	10	0.42%
Atchison Public Schools	5,690,884	10	0.51%		10	0.00%
Atchison Juvenile Facility	-		-	7,619,250	9	0.51%
Golden Star, Inc.	-		-	13,179,075	7	
Total	<u>820,992,137</u>		<u>73.74%</u>	<u>918,155,820</u>		<u>61.01%</u>

Source: City of Atchison Water Department.

CITY OF ATCHISON, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Utilities	Less:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
				Tax Exempt Property	Property				
2001	\$ 33,139,581	\$ 9,452,517	N/A	N/A	N/A	\$ 42,592,098	\$ 58	\$ 267,622,385	15.91%
2002	35,653,269	9,814,282	\$ 4,695,761	\$ 2,618,034		47,545,278	58.136	285,204,940	16.67%
2003	37,347,777	9,604,081	4,586,940	3,181,797		48,357,001	57.975	296,253,293	16.32%
2004	40,364,207	9,001,867	4,926,189	3,997,304		50,294,959	57.570	313,671,884	16.03%
2005	44,780,649	8,726,640	5,054,581	6,316,575		52,245,295	56.394	338,081,138	15.45%
2006	47,343,216	8,927,586	5,142,723	6,489,954		54,923,571	51.030	359,194,029	15.29%
2007	52,509,268	9,346,970	4,759,355	6,704,034		59,911,559	45.494	417,388,916	14.35%
2008	54,566,560	8,436,366	4,564,451	6,940,075		60,627,302	46.478	437,709,006	13.85%
2009	56,926,494	7,018,204	4,371,716	7,202,148		61,114,266	57.365	446,183,278	13.70%
2010	58,326,077	6,209,979	4,349,715	7,210,601		61,675,170	57.181	445,328,629	13.85%

Source: Atchison County Clerk

Note: Does not include penalty amounts

Detailed information on Utilities and Tax Exempt property is not available for the years 2001 and prior.

# CITY OF ATCHISON, KANSAS

## DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$ 1,000 OF ASSESSED VALUE)

### LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates					White Clay #26 Watershed	USD 409	Atchison County	State of Kansas	Total
	Basic Rate	Debt Service	Library	Direct Rate	Total					
2001	\$ 40.776	\$ 12.433	\$ 4.973	\$ 58.182	\$	1.992	\$ 48.821	\$ 38.335	\$ 1.500	\$ 148.83
2002	43.137	9.999	5.000	58.136		2.000	52.116	39.789	1.500	153.541
2003	42.982	8.996	5.997	57.975		1.999	51.791	37.824	1.500	151.089
2004	39.684	12.120	5.766	57.570		1.933	56.705	44.027	1.500	161.735
2005	38.828	11.439	6.127	56.394		1.992	56.890	42.600	1.500	159.376
2006	36.935	7.982	6.113	51.030		2.301	59.749	40.900	1.500	155.480
2007	32.460	7.318	5.716	45.494		2.253	62.839	40.888	1.500	152.974
2008	32.808	7.571	6.099	46.478		2.535	59.137	42.967	1.500	152.617
2009	42.071	8.524	6.77	57.365		2.625	59,645	45.870	1.500	167.005
2010	42.1	8.306	6.775	57.181		2.801	62.804	46.658	1.500	170.944

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2010			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
MGP Ingredients	\$4,701,215	1	7.69%	\$4,219,390	1	9.91%
Bradken	\$3,217,857	2	5.27%	\$3,251,298	2	7.63%
Wal-Mart	2,249,483	3	3.68%	535,000	7	1.26%
Northwest Pipe	1,477,101	4	2.42%	789,684	4	1.85%
Blish-Mize Co.	1,283,020	5	2.10%	993,083	3	2.33%
Bartlett Grain	761,186	6	1.25%			
Agree Atchison	625,543	7	1.02%			
Garrett Brothers	504,463	8	0.83%	538,956	6	1.27%
Caudle Development	334,830	9	0.55%			
Laxminarayan LLC	367,358	10	0.60%			
General Electric				602,106	5	1.41%
Right On Track				430,153	8	1.01%
Unit Rail Anchor				392,486	9	0.92%
Three M Investment				326,928	10	0.77%
Total	<u>\$15,522,056</u>		<u>25%</u>	<u>\$12,079,084</u>		<u>28%</u>

Source: Atchison County Clerk



CITY OF ATCHISON, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Tax	Outstanding Delinquent Taxes as a Percent of Current Levy
2001	\$ 2,741,098	\$ 2,652,495	96.77%	\$ 47,367	\$ 2,699,862	98.50%	\$ 88,603	3.23%
2002	2,921,622	2,598,032	88.92%	45,047	2,643,079	90.47%	323,590	11.08%
2003	2,990,817	2,657,280	88.85%	161,026	2,818,306	94.23%	333,537	11.15%
2004	3,011,712	2,993,014	99.38%	89,605	3,082,619	102.35%	100,492	3.21%
2005	3,069,552	2,980,891	97.11%	127,332	3,108,223	101.26%	444,720	13.45%
2006	2,950,391	2,866,587	97.16%	73,720	2,940,307	99.66%	91,518	2.92%
2007	2,877,092	2,792,338	97.05%	108,116	2,900,454	100.81%	8,765	0.29%
2008	2,990,086	2,930,659	98.01%	63,043	2,993,702	100.12%	29,405	0.98%
2009	3,684,215	3,610,823	98.01%	3,691	3,614,514	98.11%	69,702	1.89%
2010	3,715,137	3,620,578	97.45%	-	3,620,578	97.45%	94,559	2.55%

Source: Atchison County Treasurer

# CITY OF ATCHISON, KANSAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

### LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities					Revolving Loans	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases						
2001	\$ 2,950,000	\$ 196,744	\$ 153,298	\$3,600,000	\$9,965,000	\$ -		\$ -		\$ 16,865,042	7.68%	\$ 1,648
2002	4,208,000	212,935	104,609	3,345,000	9,760,000	-		-		17,630,544	8.13%	1,739
2003	3,620,000	166,815	53,548	3,080,000	9,410,000	-		-		16,330,363	7.48%	1,610
2004	3,505,000	134,340	-	-	11,385,000	-		-		15,024,340	6.48%	1,486
2005	2,900,000	101,212	166,000	-	10,600,000	166,000		-		13,933,212	5.62%	1,367
2006	2,305,000	67,418	317,372	-	9,775,000	189,837		-		12,654,627	4.75%	1,237
2007	4,105,000	32,945	271,733	-	8,920,000	125,957		-		13,455,635	4.82%	1,325
2008	3,545,000	-	223,969	-	8,040,000	59,236		-		11,868,205	3.83%	1,178
2009	2,915,000	-	173,982	-	7,125,000	18,663		283,649		10,516,294	3.23%	984
2010	2,545,319	-	145,359	-	6,629,681	-		4,466,912		13,787,271	N/A	893

# CITY OF ATCHISON, KANSAS

## RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN

### LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General bonded debt outstanding										
General obligation bonds	\$ 2,950,000	\$ 4,208,000	\$ 3,620,000	\$ 3,505,000	\$ 2,900,000	\$ 2,305,000	\$ 4,105,000	\$ 3,545,000	\$ 2,915,000	\$ 2,545,319
Total	\$ 2,950,000	\$ 4,208,000	\$ 3,620,000	\$ 3,505,000	\$ 2,900,000	\$ 2,305,000	\$ 4,105,000	\$ 3,545,000	\$ 2,915,000	\$ 2,545,319
Percentage of estimated actual property value	245,355,081	285,204,940	296,253,293	313,671,884	338,081,138	359,194,029	417,388,916	437,709,006	446,183,278	445,328,629
	1.20%	1.48%	1.22%	1.12%	0.86%	0.64%	0.98%	0.81%	0.65%	0.57%
Population	10,232	10,140	10,140	10,111	10,190	10,232	10,154	10,078	10,402	10,432
Per capita	\$ 288	\$ 415	\$ 357	\$ 347	\$ 285	\$ 225	\$ 404	\$ 352	\$ 280	\$ 244
Less: Amounts set aside to repay general debt	(103,923)	(20,073)	(92,425)	(123,846)	(248,738)	(255,842)	(404,553)	(244,629)	(159,454)	(229,922)
Total net debt applicable to debt limit	2,846,077	4,187,927	3,527,575	3,381,154	2,651,262	2,049,158	3,700,447	3,300,371	2,755,546	2,315,397
Legal debt limit	12,777,629	14,263,583	14,507,100	15,088,488	15,673,589	16,477,071	17,973,468	18,188,191	18,334,280	18,502,551
Legal debt margin	\$ 9,931,552	\$ 10,075,656	\$ 10,979,525	\$ 11,707,334	\$ 13,022,327	\$ 14,427,913	\$ 14,273,021	\$ 14,887,820	\$ 15,578,734	\$ 16,187,154
Legal debt margin as a percentage of debt limit	77.73%	70.64%	75.68%	77.59%	83.08%	87.56%	79.41%	81.85%	84.97%	87.49%

Debt limit is set at 30% of assessed valuation.

# CITY OF ATCHISON, KANSAS

## GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2010

Taxing Body	Debt		City's Share		Per Capita
	Amount	As of	Percent	Amount	
Estimated overlapping debt:					
Atchison County	\$ 5,076,455	12/31/10	56%	\$ 2,842,815	\$ 273
USD No. 409	<u>18,490,000</u>	12/31/10	84%	<u>15,531,600</u>	1,493
Total estimated overlapping debt	23,566,455			18,374,415	
Direct debt:					
City of Atchison	<u>2,690,678</u>	12/31/10	100%	<u>2,690,678</u>	<u>259</u>
Direct and estimated overlapping debt	<u>\$ 26,257,133</u>			<u>\$ 21,065,093</u>	<u>\$ 2,025</u>

Source: Atchison County Clerk

Information represents the share of the respective debt which are obligations of the citizens of Atchison.

# CITY OF ATCHISON, KANSAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN YEARS

Fiscal Year	City Population	County Total Personal Income (000's omitted)	County Per Capita Income	School Enrollment	Unemployment Rate (Atchison County)
2001	10,232	\$ 360,814	\$ 21,464	2,383	5.20%
2002	10,140	358,288	r 21,394	2,359	5.50%
2003	10,140	362,990	r 21,740	2,249	5.60%
2004	10,111	391,901	23,433	2,238	5.90%
2005	10,190	406,141	r 24,484	2,238	5.50%
2006	10,232	432,431	r 26,028	2,215	4.70%
2007	10,154	454,750	27,512	2,225	4.40%
2008	10,078	502,813	30,708	2,193	4.60%
2009	10,402	N/A	N/A	2,154	8.00%
2010	10,432	N/A	N/A	2,324	8.90%

Population figures presented are for the city only. The Personal Income and Per Capita Income figures are for the entire county.

r: revised

NA: Not Available

Sources:

Population: Atchison County Clerk

Total Personal Income: Bureau of Economic Analysis

Per Capita Income: Bureau of Economic Analysis

School Enrollment: Kansas State Department of Education

Unemployment Rate: Bureau of Labor Statistics

# CITY OF ATCHISON, KANSAS

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bradken (formerly Atchison Casting)	550	1	8.16%	NOT AVAILABLE		
USD 409	321	2	4.76%			
Atchison Hospital	300	3	4.45%			
Benedictine College	294	4	4.36%			
MGP, Inc.	190	5	2.82%			
Atchison County	176	6	2.61%			
Northwest Pipe	135	7	2.00%			
Fargo Assembly	105	8	1.56%			
City of Atchison	100	9	1.48%			
Golden Star	83	10	1.23%			
Total	2,254		33%	0		0%

Source: Community Development Department

Data on principal employers nine years ago is not available

CITY OF ATCHISON, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
City Manager	3	3	3	3	3	3	3	3	3	3
Finance	5	5	5	5	4.5	5.5	4.5	4.5	3.5	3.5
Municipal Court	1	1	1	1	1	1	1	1	1	1
Grants Administration	1	1	1	1	0	0	0	0	0	0
Building Official	2	2	2	2	2	2	3	3.5	3.5	3.5
Downtown Mall	1	1	1	1	1	1	1	1	1	0
Conference Center	0	0	0	0	0	0	0	0	0	0
Public Safety										
Police	25	24	24	23	23	23	21	23	23	22
Animal Control	1	1	1	1	1	1	1	1	1	1
Fire	20	20	19	19	19	18	19	19.75	18.75	19.75
Public Works										
Engineering	4	5	5	4	4	4	3	4	4	4
Street	8	8	9	10	10	9	11	11	11	9
Fleet Maintenance	2	3	3	3	3	2	2	2	2	2
Construction Engineering	0	0	0	0	0	1	1	1	0	0
Parks and Recreation										
Parks	5	5	4	5	5	5	6	6	6	6
Water/Wastewater (a)	0	0	0	0	1.5	20.5	21.5	21.5	19.5	19.5
Refuse	5	6	6	6	6	6	6	6	6	6
Total	83	85	84	84	84	102	104	108.25	103.25	100.25

(a) Water utility employees added to city payroll beginning 1/1/2006. Prior to that date utility was managed by a private 3rd party.

CITY OF ATCHISON, KANSAS

OPERATING INDICATORS BY PROGRAM/FUNCTION

LAST FIVE FISCAL YEARS

Program/Function	Fiscal Year				
	2006	2007	2008	2009	2010
Police					
Dispatched calls	13,450	14,230	14,962	14,501	13,903
Criminal cases	1,428	1,527	1,847	1,806	1,680
Criminal cases cleared	868	951	1,192	1,242	1,182
Arrests	787	870	1,121	1,166	1,047
Serious crimes	445	421	535	519	412
Fire					
Emergency Responses	421	454	373	290	340
First Responder/Medical	562	553	586	556	570
Life Safety Inspections	675	666	657	657	657
Property Loss (thousands of \$)	\$ 2,791	\$ 338	\$ 355	\$ 355	N/A
Refuse collected (tons/year)					
Trash	3,273	3,562	3,742	3,608	3,293
Construction/Demolition	333	270			-
Brush	143	22		106	232
Metal	28	62	42		-
Water					
New connections	31	18	12	16	18
Water main breaks	31	30	30	20	33
Replaced bad service lines	45	33	54	44	31
Average daily consumption (thousands of gallons)	3,658	4,039	4,003	3,753	4,097
Peak daily consumption (thousands of gallons)	5,026	5,059	4,954	5,287	5,482
Wastewater					
Average daily sewage treatment (thousands of gallons)	1,301	1,458	1,698	1,757	1,740

Operating indicator information not available for 2001-2004.

Refuse statistics source: Atchison County Transfer Station

2008 Construction/Demolition and Brush are included in Trash.

2009 Construction/Demolition and Metal are included in Trash.



CITY OF ATCHISON, KANSAS

CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION

LAST SIX FISCAL YEARS

<b>Program/Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Police						
Stations	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1
Refuse Collection						
Collection trucks	2	2	2	2	2	2
Other Public Works						
Streets (miles)	77	77	77	77	77	77
Highways (miles)	8	8	8	8	8	8
Traffic Signals	45	45	45	45	45	45
Parks and Recreation						
Acreage	332	332	332	332	332	332
Playgrounds	7	7	7	7	7	7
Baseball/Softball diamonds	6	6	6	6	6	6
Water						
Water mains (miles)	100	100	100	100	100	95
Fire hydrants	519	532	537	547	556	556
Storage capacity (000's gallons)	1,750	1,750	1,750	1,750	1,750	1,750
Wastewater						
Sanitary Sewers (miles)	20	20	20	20	20	20
Storm Sewer (combined, miles)	80	80	80	80	80	80
Treatment capacity (000's gallons)	2,800	2,800	2,800	2,800	2,800	2,800
Treatment capacity (000's gallons)	8,400	8,400	8,400	8,400	8,400	8,400

Capital asset information not available for 1998-2004.

## THE WATER SYSTEM

The following data, along with the financial information found elsewhere in this Comprehensive Annual Financial Report (the CAFR), is being provided in order to comply with certain provisions of Rule 15c2-12 of the Securities and Exchange Commission (the SEC Rule). In conjunction with the issuance of its outstanding water system bonds, the City has agreed to disseminate the CAFR to each Nationally Recognized Municipal Securities Information Repository and State Information Repository, if any, both as defined in the SEC Rule, within 180 days after the end of its Fiscal Year.

### **Description - The Water System**

Number of Treatment Plants:	1
Year Plant Constructed	1949 - updated 2002
Daily Treatment Capacity:	8.0 million gallons
Treated Water Storage Capacity:	1.0 million gallons in clearwell 1.25 million gallons in 5 elevated tanks
Distribution Lines:	118 miles
Source of Water:	Missouri River
% of Water Sold Outside City:	16%

### **Ten Largest Users**

<u>Company</u>	<u>Product or Service</u>	<u>Gallons Consumed</u>
MGP Ingredients, Inc.	Manufacturing	554,855,337
RWD #5	Water district	135,493,070
Bradken (Atchison Casting)	Manufacturing	46,298,754
RWD #6	Water district	23,919,918
Benedictine College	College	19,624,132
RWD #1	Water District	10,617,860
Bunge Milling, Inc.	Grain processing	10,221,300
Mount St. Scholastica	School	8,352,542
Atchison Hospital	Hospital	5,918,340
Atchison Public Schools	School District	5,690,884

### **Consumption and Usage - 2010**

Total Gallons Consumed:	1,154,363 gallons
Peak Daily Production:	5,482,000 gallons

**Number of Customers as of December 31, 2010**

Number of Residential Meters:	3,716
Number of Commercial Meters:	481

**Water Rate Structure**

All Users				
Minimum Monthly Charge (includes first 266 cubic feet of usage):				
Meter Size	Outside City Limits		Inside City Limits	
	Current Rates		Current Rates	
	(effective 1/1/10)		(effective 1/1/10)	
5/8" or less	\$	35.07	\$	23.38
3/4"		56.72		37.81
1"		93.84		62.56
1.5"		175.32		116.88
2"		237.20		158.13
3"		464.07		309.38
4"		773.45		515.63
6"		1,020.95		680.63
8"		1,185.95		790.63

**Future Borrowing Plans**

The City has borrowed \$3.8 from the State of Kansas SRF program in order to fund replacement of pre 1930 water mains (\$2.2 million) and replacement of the high service pump station (\$1.6 million). These projects were selected by KDHE for completion under the American Recovery and Reinvestment Act (ARRA). If all criteria are met for ARRA the loan principal will be reduced by 32% (loan forgiveness).

**Future Rate Increases**

Rates were increased by 10% for all rate classes effective with the January 2011 billing period.

## THE SEWER SYSTEM

The following data, along with the financial information found elsewhere in this Comprehensive Annual Financial Report (the CAFR), is being provided in order to comply with certain provisions of Rule 15c2-12 of the Securities and Exchange Commission (the SEC Rule). In conjunction with the issuance of its outstanding sewer system bonds, the City has agreed to disseminate the CAFR to each Nationally Recognized Municipal Securities Information Repository and State Information Repository, if any, both as defined in the SEC Rule, within 180 days after the end of its Fiscal Year.

### Description - The Sewer System

Number of Treatment Plants:	2
Year Plant Constructed:	1959
Year of Last Significant Upgrades:	1979
Daily Treatment Capacity:	2.8 dry million gallons 8.4 wet million gallons
Type of Treatment:	Conventional Activated Sludge
Collection Lines:	87 miles

### Ten Largest Users

<u>Company</u>	<u>Product or Service</u>	<u>Estimated Gallons Treated</u>
Bradken (Atchison Casting Corp.)	Manufacturing	46,291,611
Benedictine College	College	17,798,465
Atchison Hospital	Hospital	5,918,341
Mt. St. Scholastica	School	4,748,895
Bunge Milling	Grain Processing	4,120,776
MGP Ingredients, Inc.	Manufacturing	3,374,722
Golden Star, Inc.	Manufacturing	3,250,135
Atchison Housing Authority	Housing	3,072,604
Atchison Public Schools	School District	2,818,554
Terrace Hills Inc.	Apartment Bldg	2,322,241

### Treatment and Usage - 2010

Total Gallons Treated:	634,935,500 gallons
Peak Daily Treatment:	4,597,000 gallons

**Number of Customers as of December 31, 2010**

Number of Residential Meters:	3,716
Number of Commercial & Industrial Meters:	474
Number of Rural Water District Meters:	7

**Sewer Rate Structure**

Residential users are billed based on average monthly water use during the months of January, February and March. Commercial users are billed on their water usage; they are not on an average sewer.

	Current Rate <u>Effective 1/1/10</u>
Minimum monthly charge (includes first 667 cubic feet of water consumption)	\$ 19.36
All usage over 667 cubic feet (charge per 1,000 cubic feet)	3.86

**Future Borrowing Plans**

The City has secured a \$3.6 million loan from the Kansas Department of Health and Environment's State Revolving Fund in order to perform federally mandated repairs and upgrades to the sewer system. The final interest rate is 2.84%. The loan will be repaid over 20 years.

**Future Rate Increases**

A rate increase of 2% became effective with the January 2011 billing period.

**Single  
Audit  
Section**

**2010**

CITY OF ATCHISON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Award Amount	Expenditures
U.S. Department of Housing and Urban Development: Economic Development Initiative - Special Project	14.251	B-08-SP-KS-0502	\$ 343,000	\$ 14,843
Passed through the Kansas Housing Resources Corporation:				
2009 Emergency Shelter Program	14.231	S-02-DC-20-0001-2009-02	11,275	6,291
2010 Emergency Shelter Program	14.231	S-06-DC-20-0001-2010-03	34,166	17,079
Total U.S. Department of Housing and Urban Development			388,441	38,213
U.S. Environmental Protection Agency: Passed through the Kansas Department of Health and Environment:				
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	ARRA - 66.468	2F-97705401	3,317,797	2,935,035
U.S. Department of Transportation: Passed through the Kansas Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	OP-1294-09	5,000	1,395
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	K-8238-02	29,885	29,885
Airport Improvement Program	20.106	3-20-0004-06-2010	95,418	78,516
Total U.S. Department of Transportation			130,303	109,796
Total expenditures of federal awards				\$ 3,083,044

See accompanying notes to schedule of expenditures of federal awards.

CITY OF ATCHISON, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2010

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Atchison, Kansas (the City). The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards passed through other government agencies are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting which is described in Note 1 of the City's basic financial statements.



CITY OF ATCHISON, KANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2010

**Section I – Summary of Independent Auditor’s Results**

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133:	None
Identification of major programs:	

CFDA Number

ARRA - 66.468

Name of Federal Program

Capitalization Grants for  
Drinking Water State Revolving  
Fund

CITY OF ATCHISON, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as a low-risk auditee:	No

**Section II – Financial Statement Findings**

No matters reported.

**Section III – Federal Award Findings and Questioned Cost**

No matters reported.

CITY OF ATCHISON, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2010

**Finding 2009-1 – Significant Deficiency**

*Federal Program* – Economic Development Initiative – Special Project (CFDA No. 14.251), Grant award number B-08-SP-KS-0502, U.S Department of Housing and Urban Development

*Condition* – The City did not verify whether the entities with which it entered into covered transactions were suspended, debarred or otherwise excluded. In addition, the City did not make efforts to encourage the use of minority and women's business enterprises in connection with grant funded activities.

*Criteria* – In accordance with OMB Circular A-102, the City is required to ensure that contractors are not suspended or debarred. In accordance with Executive Orders 11625 and 12432 (concerning Minority Business Enterprise), and 12138 (concerning Women's Business Enterprise) and 24 CFR Part 85.36(e), the City is required to make efforts to encourage the use of minority and women's business enterprises.

*Cause* – The City was not aware of the requirement to verify if contractors were suspended or debarred parties or the requirement to encourage the use of minority and women's business enterprises.

*Effect* – The City could enter into a contract or vendor relationship with a suspended or debarred party. The City did not encourage the use of minority and women's business enterprises as required in the grant agreement.

*Questioned Costs* – Unknown.

*Recommendation* – Procedures should be developed to ensure that all contractors are checked for suspension and debarment and that future procurements encourage the use of minority and women's business enterprises.

*Management's Response/Corrective Action Plan (Unaudited)* – The finance department has made note of the website [www.epls.gov](http://www.epls.gov) and will use this resource to check the status of contractors before awarding bids for future federal contracts.

CITY OF ATCHISON, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
(Continued)

**Finding 2009-1 – Significant Deficiency (Continued)**

Regarding our DBE finding, we have reached out to Rhonda F. Harris, Minority & Women-Owned Business Director for the Kansas Department of Commerce, for more information about accessing the DBE network. Harris advises that Commerce is developing a website where organizations like the City will have the opportunity to post RFPs and projects that will meet requirements like those imposed by federal grant regulations. In the meanwhile, Harris advises that we can email copies of future RFPs to contacts at the Mid-America Minority Business Development Council, the Hispanic Chamber, the African-American Commission, the Hispanic Commission, and access Commerce's own Directory of Certified Businesses. She also encouraged use of the Kansas Department of Transportation website <http://www.ksdot.org/divadmin/civilrights/> to contact DBE. We will be conveying this information to members of our Public Works, Engineering, and Legal.

*Follow-up* – The City now has a process in place to perform verification checks for covered transactions. The City also has procedures in place that encourage the use of minority and business women's business enterprises. This finding is considered resolved.

**Finding 2009-2 – Significant Deficiency**

*Federal Program* – Capitalization Grants for Drinking Water State Revolving Funds - ARRA (CFDA No. ARRA – 66.468), Grant award number 2F-97705401, U.S Environmental Protection Agency, passed through the Kansas Department of Health and Environment

*Condition* – The City did not verify that the entities with which it entered into covered transactions were suspended.

*Criteria* – In accordance with OMB Circular A-102, the City is required to ensure that contractors are not suspended or debarred.

*Cause* – The City was not aware of the requirement to verify if contractors were suspended or debarred parties.

*Effect* – The City could enter into a contract or vendor relationship with a suspended or debarred party.

*Questioned Costs* – Unknown.

*Recommendation* – Procedures should be developed to ensure that all contractors are checked for suspension and debarment.

CITY OF ATCHISON, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
(Continued)

*Management's Response/Corrective Action Plan (Unaudited)* – The finance department has made note of the website [www.epis.gov](http://www.epis.gov) and will use this resource to check the status of contractors before awarding bids for future federal contracts.

*Follow-up* – The City now has a process in place to perform verification checks for covered transactions. This finding is considered resolved.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Commission  
City of Atchison, Kansas:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Commission, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Berberich Trahan & Co., P.A.*

June 9, 2011





BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and City Commission  
City of Atchison, Kansas:

**Compliance**

We have audited the compliance of the City of Atchison, Kansas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2010. The City's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on its major federal program for the year ended December 31, 2010.

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### Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Commission, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Berberich Trahan & Co., P.A.*

June 9, 2011